

10634
RECORDATION NO. Filed 1425

JUL 17 1979-10 25 AM

INTERSTATE COMMERCE COMMISSION

CRAVATH, SWAIN & MOORE

ONE CHASE MANHATTAN PLAZA

NEW YORK, N.Y. 10005

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BRUCE BROMLEY
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ALAN C. STEPHENSON

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JUL 17 1979-10 25 AM
INTERSTATE COMMERCE COMMISSION

TELEX

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WUI 620976

No.

Date

Fee \$200.00

Washington, D. C.

RECORDATION NO. Filed 1425

JUL 17 1979-10 25 AM

INTERSTATE COMMERCE COMMISSION

RECORDATION NO. Filed 1425

JUL 17 1979-10 25 AM

June 22, 1979
INTERSTATE COMMERCE COMMISSION

Louisville and Nashville Railroad Company (No. 22)
Reconstruction and Conditional Sale
Financing Dated as of April 2, 1979
10-3/8% Conditional Sale Indebtedness

[CS&M Ref: 2043-904]

Dear Sir:

Pursuant to 49 U.S.C. §11303(a) I enclose herewith on behalf of Louisville and Nashville Railroad Company, for filing and recoration, counterparts of the following:

- (1) Reconstruction and Conditional Sale Agreement dated as of April 2, 1979, among First Security Bank of Utah, N.A., L&N Investment Corporation and First Security State Bank;
- (2) Transfer Agreement dated as of April 2, 1979, between First Security State Bank and First Security Bank of Utah, N.A.,
- (3) (a) Lease of Railroad Equipment dated as of April 2, 1979, Between Louisville and Nashville Railroad Company and First Security State Bank;
- (3) (b) Assignment of Lease and Agreement dated as of April 2, 1979, between First Security State Bank and First Security Bank of Utah, N.A.; and
- (4) Hulk Purchase Agreement dated as of April 2, 1979, between Louisville and Nashville Railroad Company and First Security State Bank.

COUNSEL
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ALBERT R. CONNELLY
FRANK H. DETWEILER
JESSE G. TYLER

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CABLE ADDRESSES
CRAVATH, N. Y.
CRAVATH, PARIS
CRAVATH, LONDON E.C. 2

RECEIVED
JUL 17 10 15 AM '79
I.C.C.
OPERATION BR.

The addresses of the parties to the aforementioned agreements are:

Owner-Trustee-Lessor-Vendee-Buyer:

First Security State Bank,
79 South Main Street,
Salt Lake City, Utah 84111.

Builder:

L&N Investment Corporation,
908 West Broadway,
Louisville, Kentucky 40201.

Lessee-Railroad-Seller:

Louisville and Nashville Railroad Company,
908 West Broadway,
Louisville, Kentucky 40201.

Agent-Vendor:

First Security Bank of Utah, N.A.,
79 South Main Street,
Salt Lake City, Utah 84111.

*See
book
for notes*

The Hulks covered by the Transfer Agreement and the Hulk Purchase Agreement are listed in Exhibit A attached hereto. The reconstructed railroad equipment covered by the Reconstruction and Conditional Sale Agreement and the Lease are listed in Exhibit B attached hereto. The reconstructed railroad equipment bear the legend "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION".

Enclosed is our check for \$200 for the required recordation fee. Please accept for recordation one counterpart of each of the enclosed agreements, stamp the remaining counterparts with your recordation number and return them to the delivering messenger along with your fee receipt, addressed

to the undersigned.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Steven M. Berzin", with a long horizontal flourish extending to the right.

Steven M. Berzin
As Agent for Louisville and
Nashville Railroad Company

Mr. H. G. Homme, Secretary,
Interstate Commerce Commission,
Washington, D. C. 20423.

Encls.

Exhibit A

<u>Quantity</u>	<u>Description</u>	<u>Rail- Road Prefix</u>	<u>Hulk Railroad Numbers</u>
137	50-Ton Box Cars	L&N	97122 98019 109183 109449
			97123 98052 109189 109450
			97152 98104 109198 109453
			97153 98130 109207 109462
			97167 98150 109241 109463
			97168 98199 109242 109464
			97188 98324 109272 109467
			97257 98337 109281 109468
			97330 98351 109332 109469
			97341 98372 109334 109471
			97342 98412 109337 109472
			97372 98447 109344 109473
			97381 98467 109351 109474
			97383 98487 109354 109475
			97388 98489 109371 109477
			97465 98492 109374 109481
			97467 98599 109402 109484
			97501 98698 109404 109487
			97511 98845 109412 109489
			97551 98859 109413 109492
			97826 98894 109416 109493
			97846 98943 109417 109494
			97855 98954 109420 109496
			97858 98978 109422 109497
			97862 99529 109423 109498
			97868 109038 109424 109499
			97904 109048 109428
			97908 109070 109429
			97922 109094 109430
			97924 109104 109431
			97955 109110 109433
			97957 109114 109434
			97969 109124 109436
			97977 109135 109438
			97990 109147 109445
			97995 109151 109447
			98016 109171 109448

Exhibit A cont.

<u>Quantity</u>	<u>Description</u>	<u>Rail- Road Prefix</u>	<u>Hulk Railroad Numbers</u>
129	70-Ton Box Cars	L&N	99685 102625 103777
			100223 102642 103782
			100247 102736 103802
			100303 102757 103813
			100326 102762 103819
			100408 102766 103824
			100453 102878 103834
			100554 102958 103842
			100567 103001 103854
			100701 103005 103856
			100730 103009 103860
			102063 103010 103863
			102116 103012 103867
			102302 103013 103873
			102311 103014 103889
			102316 103019 103890
			102331 103020 103901
			102341 103021 103902
			102343 103024 103910
			102357 103033 103913
			102370 103037 103915
			102383 103040 103916
			102398 103041 103919
			102402 103043 103931
			102410 103045 103940
			102421 103047 103943
			102457 103128 103948
			102460 103129 103952
			102461 103143 103954
			102462 103164 103958
			102470 103222 103959
			102501 103260 103961
			102528 103261 103967
			102531 103279 103969
			102545 103316 103970
			102572 103338 103976
			102577 103393 103979
			102585 103422 103987
			102586 103472 103989
			102593 103540 103991
			102598 103764 104054
			102609 103766 104059
			102610 103773 104104

<u>Quantity</u>	<u>Description</u>	<u>Rail- Road Prefix</u>	<u>Hulk Railroad Numbers</u>
39	100-Ton Box Cars	L&N	104530 104888 104977 104652 104889 104981 104730 104909 104993 104732 104917 105033 104743 104926 105037 104746 104930 105041 104760 104937 105048 104765 104938 105049 104771 104954 105487 104783 104955 105495 104789 104960 105520 104802 104962 105615 104814 104976 107588
75	70-Ton Open- Top Hoppers	L&N	153027 154083 155163 153044 154096 155217 153045 154234 155219 153070 154262 155263 153160 154270 155292 153197 154296 155355 153307 154304 155362 153315 154448 155363 153333 154492 155365 153359 154545 155412 153398 154561 155445 153437 154591 155497 153563 154636 155498 153642 154640 155701 153656 154685 155702 153660 154699 155770 153725 154718 155786 153733 154756 155799 153790 154759 155821 153824 154847 155854 153867 154880 155861 153868 154886 155917 153922 155114 155938 153956 155115 156079 154082 155127 156141
64	80-Ton Open- Top Hoppers	L&N	180003 180793 183334 180049 180821 183352 180186 180962 183396 180241 182136 183873 180284 182281 184252 180339 182443 184366 180384 182722 184589 180445 182728 184688 180637 183293 184731 180640 183299 185163 180704 183305 185393

Exhibit A cont.

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<u>Quantity</u>	<u>Description</u>	<u>Rail- Road Prefix</u>	<u>Hulk Railroad Numbers</u>
64	80-Ton Open- Top Hoppers (Cont'd)	L&N	185781 187946 188792 186311 187995 188794 186322 187998 189004 186340 188148 189036 186769 188294 189046 186778 188498 189087 186966 188623 189203 187103 188683 189328 187341 188756 189341 187886 188782 189391 187919
21	100-Ton Open- Top Hoppers	L&N	191004 191401 191684 191008 191512 191739 191080 191535 191750 191162 191614 191765 191281 191623 191817 191320 191627 191884 191368 191661 191890
158	70-Ton Gon- dola Cars	L&N	36301 38933 39292 170034 36323 38955 39305 170044 36341 38959 39320 170069 36460 38961 39336 170116 36470 38973 39354 170136 36499 38976 39369 170152 36505 38977 39403 170175 36508 39010 39434 170189 36591 39053 39456 170305 36605 39077 39485 170318 36620 39080 39488 170400 36632 39100 39536 170402 36634 39101 39539 170481 36708 39115 39541 170502 36759 39129 39548 170570 36764 39130 39557 170574 36821 39131 39580 170577 36834 39137 39595 170602 36851 39158 39622 170644 36853 39162 39691 170649 36884 39166 39732 170656 36887 39179 39735 170662 36913 39225 39754 170666 36917 39228 39778 36920 39244 39780 36924 39251 39841 36962 39265 39885 36988 39272 39960 38909 39281 39964 38917 39284 170012 38929 39285 170013

<u>Quantity</u>	<u>Description</u>	<u>Rail- Road Prefix</u>	<u>Hulk Railroad Numbers</u>			
158	70-Ton Gondola Cars (Cont'd)	L&N	170688	171075	171359	
			170691	171088	171409	
			170696	171109	171426	
			170700	171132	171497	
			170709	171179	171533	
			170779	171189	171602	
			170790	171194	171655	
			170835	171216	171712	
			170836	171228	171769	
			170842	171244	171932	
			170849	171266	171985	
			170866	171306	172061	
			170909	171311	173015	
			171063	171317	174129	
12	100-Ton Gondola Cars	L&N	175061	176064	176622	
			175075	176159	176656	
			175086	176251	176757	
			176025	176290	176777	
40	100-Ton Covered Hopper Cars	L&N	200065	200521	240775	
			200068	200596	240998	
			200109	200607	241015	
			200122	200622	241075	
			200181	240025	241106	
			200203	240081	241494	
			200204	240233	241530	
			200209	240234	241570	
			200252	240348	241720	
			200273	240516	241734	
			200435	240663	250060	
			200448	240665	250080	
			200470	240669	250127	
			200483			
11	70-Ton Bulk-head Flat Cars	L&N	22607	22701	22742	22757
			22626	22702	22744	23941
			22641	22705	22755	
9	100-Ton Bulk-head Flat Cars	L&N	22319	22324	22949	
			22320	22346	22967	
			22322	22366	22990	
50	70-Ton Covered Hopper Cars to Ballast Cars	MON	4343	4370	56001	
			4362	4376	56036	
			4365	4381	56073	
		L&N	37802	37907	37977	38028
			37816	37933	37981	38034
			37862	37953	37992	38046
			37873	37970	37994	38058
			37894	37973	38008	38085

Exhibit A cont.

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<u>Quantity</u>	<u>Description</u>	<u>Rail- Road Prefix</u>	<u>Hulk Railroad Numbers</u>
50	70-Ton Covered	L&N	38109 38411 38455 38479
	Hopper Cars to		38155 38423 38456 38490
	Ballast Cars		38258 38429 38457 38499
			38287 38431 38468 38515
			38298 38445 38474
			38319 38448
33	50-Ton Pulpwood	L&N	20505 20711 20832 20915
	to Welded		20519 20745 20834 20927
	Rail Cars		20543 20748 20837 20933
			20554 20755 20841 20975
			20579 20763 20842 20978
			20604 20784 20856 20979
			20642 20786 20865
			20650 20799 20898
			20653 20822 20913

Exhibit B

<u>Quantity</u>	<u>AAR Mechanical Designation</u>	<u>Description</u>	<u>L&N Railroad Road Numbers (Inclusive)</u>
93	XL	50-Ton Box Cars	96396-96488
50	LO	70-Ton Covered Hopper Cars to Ballast Cars	45151-45200
33	LP	50-Ton Pulpwood to Welded Rail Cars	42901-42933
158	GB	70-Ton Gondola Cars	27406-27445 27766-27779 28573-28600 29042-29051 29500-29565
9	GB	100-Ton Gondola Cars	27665-27673
3	GBS	100-Ton Gondola Cars	27980-27982
11	FB	70-Ton Bulkhead Flat Cars	990603-990609 990834, 991006-991008
9	FB	100-Ton Bulkhead Flat Cars	990311-990316 990402-990403 990502
105	XL	70-Ton Box Cars	112417-112521

Exhibit B cont.

<u>Quantity</u>	<u>AAR Mechanical Designation</u>	<u>Description</u>	<u>L&N Railroad Road Numbers (Inclusive)</u>
20	XM	70-Ton Box Cars	112821-112840
4	XP	70-Ton Box Cars	99686, 104452-104454
75	HT	70-Ton Open-Top Hoppers	76450-76524
36	XM	50-Ton Box Cars	110252-110287
8	XL	50-Ton Box Cars	111879-111886
34	XL	100-Ton Box Cars	114035-114068
5	XP	100-Ton Box Cars	113962, 104450-104451 114300-114301
64	HT	80-Ton Open-Top Hoppers	189494-189557
21	HT	100-Ton Open-Top Hoppers	192090-192110
40	LO	100-Ton Covered Hopper Cars	205180-205215 205998 250517-250519

Interstate Commerce Commission
Washington, D.C. 20423

7/17/79

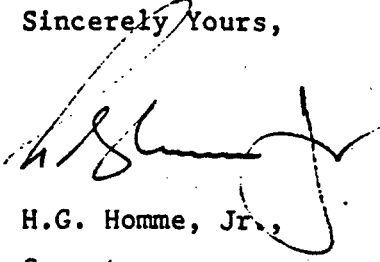
OFFICE OF THE SECRETARY

Steven M. Berzin
Cravath, Swaine & Moore
One Chase Manhattan Plaza
New York, N.Y. 10005

Dear Sir:

The enclosed document(s) was recorded pursuant to the
provisions of Section 20(c) of the Interstate Commerce Act,
49 U.S.C. 20(c), on 7/17/79 at 10:25am ,
and assigned recordation number(s) 10634, 10634-A, 10634-B
10634-C
10634-D

Sincerely Yours,


H.G. Homme, Jr.,
Secretary

Enclosure(s)

SE-30-T
(2/78)

10634
RECORDATION NO. Filed 1425

JUL 17 1979 10 25 AM

INTERSTATE COMMERCE COMMISSION

[CS&M Ref.: 2043-904]

RECONSTRUCTION AND CONDITIONAL SALE
AGREEMENT

Dated as of April 2, 1979

among

FIRST SECURITY BANK OF UTAH, N.A.,
not in its individual capacity but
solely as Agent,

L&N INVESTMENT CORPORATION

and

FIRST SECURITY STATE BANK,
not in its individual capacity but solely as Trustee

RECONSTRUCTION AND CONDITIONAL
SALE AGREEMENT

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RECONSTRUCTION AND CONDITIONAL SALE AGREEMENT dated as of April 2, 1979, among FIRST SECURITY BANK OF UTAH, N.A., not in its individual capacity but solely as Agent (the "Vendor") under a Participation Agreement No. 1 dated as of the date hereof (the "Participation Agreement"), L&N INVESTMENT CORPORATION (the "Builder") and FIRST SECURITY STATE BANK, not in its individual capacity but solely as Trustee (the "Vendee") under a Trust Agreement dated as of the date hereof (the "Trust Agreement"), with WESTINGHOUSE CREDIT CORPORATION (the "Beneficiary").

The Vendee proposes to acquire all right, title and interest in certain railroad equipment (the "Hulks") from Louisville and Nashville Railroad Company (the "Lessee") pursuant to a Hulk Purchase Agreement (the "Hulk Purchase Agreement") dated as of the date hereof, in substantially the form of Exhibit D hereto, and will subject the same to a security interest in favor of the Vendor for the purpose of causing the Hulks to be reconstructed.

The Vendor will acquire security title to the Hulks pursuant to a Transfer Agreement (the "Transfer Agreement") in substantially the form of Exhibit A hereto, for the purpose of causing the same to be reconstructed as described herein and thereupon selling its interest in the same to the Vendee and the Vendee has agreed to purchase the Hulks as so reconstructed (the reconstructed equipment described in Schedule A hereto being hereinafter called the "Equipment").

The Hulks will be delivered to the Builder and the Builder has agreed with the Vendor to cause the Hulks to be reconstructed in accordance with specifications of the Vendee and as required hereby to enable delivery of the Equipment to be made to the Vendee in accordance herewith.

The Vendee and the Lessee are entering into a Lease of Railroad Equipment dated as of the date hereof (the "Lease"), substantially in the form of Exhibit B hereto, pursuant to which the Vendee is leasing the Equipment to the Lessee, subject to this Agreement, and the Vendee is assigning for security purposes its rights in, to and under the Lease to the Vendor pursuant to an Assignment of Lease and Agreement dated as of the date hereof (the "Lease Assignment"), substan-

tially in the form of Exhibit C hereto. The rights acquired by the Vendor pursuant to this Reconstruction and Conditional Sale Agreement shall be and are acquired for the benefit of the Investors identified in the Participation Agreement for whom the Vendor is acting as Agent pursuant to the terms of such Participation Agreement.

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

ARTICLE 1. Reconstruction and Sale. Pursuant to this Agreement, the Builder will, subject to the provisions of the first paragraph of Article 2 hereof, accept delivery of the Hulks from the Vendee immediately upon delivery of the same to the Vendee pursuant to the Hulk Purchase Agreement and will cause the Hulks to be reconstructed into the Equipment as described in Schedule A hereto and will deliver the Equipment to the Vendee on behalf of the Vendor and the Vendee will accept delivery of and pay the Reconstruction Costs (as defined in Article 3 hereof) in respect of the Equipment as hereinafter provided, each unit of which shall be standard gauge railroad equipment reconstructed in accordance with the specifications of the Vendee referred to in Schedule A hereto and in accordance with such modifications thereof as may be agreed upon in writing by the parties hereto (which specifications and modifications, if any, are by reference made a part of this Agreement as fully as though expressly set forth herein and are hereinafter called the "Specifications"). The Builder warrants to the Vendor and the Vendee that the design, quality and component parts of the Equipment will conform, on the date of delivery of each thereof, to all Department of Transportation and Interstate Commerce Commission requirements and specifications, and to all standards recommended by the Association of American Railroads reasonably interpreted as being applicable to railroad equipment of the character of the Equipment as of such date of delivery.

ARTICLE 2. Inspection and Delivery. The Builder will deliver the units of the Equipment, on behalf of the Vendor, to the Vendee at such point or points within the United States of America specified in Schedule A hereto (or if Schedule A hereto does not specify a place or places, at the place or places designated from time to time by the Vendee) on or prior to February 12, 1980, freight charges, if any, prepaid; provided, however, that delivery of any unit

of the Equipment shall not be made until this Agreement, the Transfer Agreement, the Lease and the Lease Assignment have been filed pursuant to '49 U.S.C. § 11303. The Builder agrees not to accept for reconstruction, nor to commence any reconstruction of, any Hulk if the Builder (A) does not reasonably anticipate that such Hulk will be fully reconstructed prior to February 12, 1980, (B) reasonably anticipates that the sum of the Purchase Price (as hereinafter defined) of such Hulk to be reconstructed and of the aggregate Purchase Price of any other Hulks accepted hereunder will exceed \$5,000,000, or (C) has received written notice from the Vendee, the Vendor or the Beneficiary (a) of the occurrence of any event of default as defined in Article 14 hereof or any event (including the commencement of any proceeding or the filing of any petition of the nature specified in subparagraphs (c) and (d) of Article 14 hereof) which, with lapse of time, failure to take affirmative action and/or demand, could constitute an event of default hereunder shall have occurred, or (b) that any of the conditions contained in Paragraph 6 or 7 of the Participation Agreement have not been met or waived or (c) that the Vendee is no longer obligated under the terms of the Hulk Purchase Agreement to accept delivery of and to pay for any additional Hulks thereunder for any of the reasons therein provided.

The Builder's obligation as to time of delivery is subject, however, to delays resulting from causes beyond the Builder's reasonable control, including but not limited to acts of God, acts of government such as embargoes, priorities and allocations, war or war conditions, riot or civil commotion, sabotage, strikes, differences with workmen, accidents, fire, flood, explosion, damage to plants, equipment or facilities, delays in receiving necessary materials or delays of carriers or subcontractors.

Notwithstanding the preceding provisions of this Article 2, the Vendor and the Vendee shall be relieved of their obligations to purchase and pay for any Equipment not delivered and accepted on or prior to February 12, 1980.

The Builder represents and warrants that: (i) the Equipment will upon delivery to the Vendee be "rolling stock, of a domestic railroad corporation subject to part I of the Interstate Commerce Act" within the meaning of Section 48(a)(2)(B)(ii) of the Internal Revenue Code of 1954 as in effect on the date of the execution and delivery of this Agreement (the "Code"); (ii) the Equipment will upon delivery to the Vendee qualify with respect to that portion of the

basis of the Equipment attributable to reconstruction as "new section 38 property" within the meaning of Section 48(b) of the Code; (iii) the Vendee will be entitled to claim upon delivery of the Equipment to it depreciation deductions with respect to that portion of the basis of the Equipment attributable to reconstruction in accordance with any method listed in Section 167(b) of the Code and with respect to that portion of the basis of the Equipment not attributable to reconstruction in accordance with Section 167(a) of the Code; and (iv) at the time of the delivery of the Equipment to the Vendee, no investment credit, depreciation or other tax benefit will have been claimed by any person with respect to the portion of the basis of the Equipment attributable to reconstruction.

During reconstruction, the Equipment shall be subject to inspection and approval by the authorized inspectors of the Vendee (who may be employees of the Lessee) and the Builder shall grant to such authorized inspectors reasonable access to its plant. The Builder agrees to inspect all materials used in the reconstruction of the Equipment in accordance with the standard quality control practices of the Builder. Upon completion of each unit or of a number of units of the Equipment, such unit or units shall be presented to an inspector of the Vendee for inspection at the place specified for delivery of such unit or units, and if each such unit conforms to the Specifications, requirements and standards applicable thereto, such inspector or an authorized representative of the Vendee (who may be an employee of the Lessee) shall execute and deliver to the Builder a certificate of acceptance (the "Certificate of Acceptance") stating that such unit or units have been inspected and accepted on behalf of the Vendee and are marked in accordance with Article 8 hereof; provided, however, that the Builder shall not thereby be relieved of its warranties set forth or referred to in this Article 2 or Article 12 hereof.

ARTICLE 3. Purchase Price and Payment. The cost of the Hulks (the "Hulk Purchase Price") and the estimated base reconstruction cost per unit of the Equipment are set forth in Schedule A hereto. The term "Reconstruction Cost" as used herein shall mean the base reconstruction cost per unit set forth in Schedule A hereto, as increased or decreased by agreement among the Builder, the Vendor and the Vendee. The term "Purchase Price" as used herein means the sum of the Hulk Purchase Price and the Reconstruction Cost.

For the purpose of settlement therefor, the Equipment shall be divided into not more than ten groups of units of the Equipment unless the Vendee, the Vendor and the Builder shall otherwise agree (each such group being hereinafter called a "Group"). The term "Closing Date" with respect to any Group shall mean such date not later than February 20, 1980 (herein called the "Cut-Off Date"), occurring not more than ten business days following presentation by the Builder to the Vendee of the invoice and the Certificate or Certificates of Acceptance for such Group and written notice thereof by the Builder to the Lessee, as shall be fixed by the Builder by written notice delivered to the Vendee and the Vendor at least six business days prior to the Closing Date designated therein; provided, however, that the first such Closing Date shall not be prior to the date specified in Item 1 of Schedule B hereto and with respect to any Closing Date prior to a date specified in Item 2 of said Schedule B, the aggregate of the Invoiced Purchase Prices of all equipment settled for hereunder prior to each such date shall not exceed the amount specified with respect to each such date in said Item 2. The term "business days" as used herein means calendar days, excluding Saturdays, Sundays, holidays and any other day on which banking institutions in Salt Lake City, Utah, or New York, New York, are authorized to remain closed.

Each unit of Equipment subject to this Agreement shall be deemed to belong to the category specified in respect of such unit in Schedule A hereto (each such category being hereinafter called a "Category"). The Vendee hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby promises to pay (and the Builder and the Lessee are hereby constituted third party beneficiaries of such obligation) in Salt Lake City or New York Clearing House funds to the Vendor at such place as the Vendor may designate, the Purchase Price of each Group of the Equipment, as follows:

(a) in respect of the units of Equipment in each Category of the Group for which settlement is then being made, in that number of semiannual installments specified in respect of such Category in Item 3 of Schedule B hereto, as hereinafter provided, an amount equal to the percentage set forth in said Item 3 in respect of such Category of the aggregate of the Purchase Prices of the units of Equipment of such Category in such Group as set forth in the Invoice or Invoices therefor (said invoice prices being hereinafter called the "Invoice Purchase Prices"); provided, however, that the amount payable pursuant to this subparagraph (a) (hereinafter

called the "CSA Indebtedness") in respect of Equipment settled for on any Closing Date shall not exceed the Available Investors' Funds (as defined in the eighth paragraph of this Article 3) on such Closing Date, and

(b) on the Closing Date with respect to each Group an amount (herein called the "Down Payment") equal to the aggregate Purchase Price of such Group, less the amount payable pursuant to subparagraph (a) of this paragraph; provided, however, that the Vendee shall not be required to make such payment unless there shall have been delivered to the Vendor on or prior to such date the documents required to be delivered thereto pursuant to the eighth paragraph of this Article 3.

The installments of the CSA Indebtedness shall be payable on each February 20 and August 20 commencing August 20, 1980 (or, if any such date is not a business day, on the next succeeding business day), each such date being hereinafter called a "Payment Date". The unpaid balance of the CSA Indebtedness shall bear interest from the Closing Date upon which such CSA Indebtedness was incurred at the rate of 10-3/8% per annum, and such interest shall be payable, to the extent accrued, on February 20, 1980, and each Payment Date. The installments of principal payable on each Payment Date shall be calculated on such a basis that the amount and allocation of principal and interest payable on each Payment Date shall be substantially in proportion to the amount and allocation of principal and interest on such Payment Date set forth in Annexes I-A through I-E hereto relative to the respective Categories of units of Equipment. Promptly following the earlier of the last Closing Date or the Cut-Off Date, the Vendee will furnish to the Vendor and the Lessee a composite payment schedule showing the respective amounts of principal and interest payable on each Payment Date.

Interest under this Agreement shall be determined on the basis of a 360-day year of twelve 30-day months, except that interest payable for any period of less than a full month shall be calculated on a 365-day year basis for the actual number of days elapsed.

The Vendee will pay interest at the rate of 11-3/8% per annum, to the extent legally enforceable, upon all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof, anything herein to the contrary notwithstanding.

All payments provided for in this Agreement shall be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Payments made in respect of the Purchase Price of Equipment may be in Salt Lake City or New York Clearing House funds. The Vendee shall not have the privilege of prepaying any portion of the CSA Indebtedness prior to the date it becomes due, provided, however, that the CSA Indebtedness may be prepaid as provided for in Article 6 hereof.

On the Closing Date with respect to each Group, an amount equal to the Invoiced Purchase Prices of such Group shall be paid in Salt Lake City or New York Clearing House funds by the Vendor to the Builder and the Lessee (as the seller of the Hulks), as their interests may appear, from the proceeds of (y) the amounts (herein called the "Available Investors' Funds") available to the Vendor under and pursuant to the terms of the Participation Agreement to make payments on such Closing Date in amounts equal to the CSA Indebtedness and (z) the Down Payment payable by the Vendee pursuant to clause (b) of the third paragraph of this Article 3, provided that there shall have been delivered to the Vendor the following documents, in form and substance satisfactory to it and its special counsel hereinafter mentioned:

(a) the Certificate or Certificates of Acceptance contemplated by Article 2 hereof and the Certificate or Certificates of Delivery contemplated by Section 1 of the Lease with respect to the Equipment in such Group;

(b) invoices of the Builder for the reconstruction of the Equipment in the Group and of the Lessee for the Hulks, accompanied by or having endorsed thereon the approval of the Vendee of the price stated therein and a certification by the Lessee that the Invoiced Purchase Prices have been calculated as provided in the first paragraph of this Article 3 and do not exceed the prices that would be charged by an independent car builder for comparable equipment;

(c) a favorable opinion of counsel for the Builder, dated as of such Closing Date, stating that at the time of delivery of the units of the Equipment in such Group on behalf of the Vendor to the Vendee hereunder, title to such units was free of all claims, liens, security

interests and encumbrances of the Builder or of anyone claiming through the Builder; and

(d) a favorable opinion of counsel for the Lessee, dated as of such Closing Date, stating that as of such date, title to the Hulks from which such units of the Equipment in such Group were reconstructed was vested in the Vendee and was free of all claims, liens, security interests and encumbrances of any nature whatsoever except for those arising under this Agreement or the Exhibits hereto.

The obligation of the Vendor to make payment for the Equipment is expressly conditioned on the Vendee having made the Down Payment to the Vendor required by subparagraph (b) of the third paragraph of this Article 3. If on any Closing Date the Down Payment exceeds 26.90% of the Purchase Price of any Group, the Vendee may, by written notice to the Lessee, the Vendor and the Builder, postpone such Closing Date for a period of not more than 60 days. Notwithstanding anything to the contrary herein expressed or implied, the parties hereto agree that the Vendor shall have no obligation with respect to the reconstruction of the Hulks and delivery of the Equipment hereunder to the Vendee.

Notwithstanding any other provision of this Agreement (including, but not limited to, any provision of Articles 14 and 15 hereof), the Vendor agrees that the liability of the Vendee or any assignee of the Vendee for all payments to be made by it under this Agreement (with the exception only of the payments to be made pursuant to subparagraph (b) of the third paragraph of Article 3 and the obligations set forth in the proviso in the third paragraph of Article 11 hereof) shall not exceed an amount equal to, and shall be payable only out of, the "income and proceeds from the Equipment". As used herein, the term "income and proceeds from the Equipment" shall mean (i) if one of the events of default specified in Article 14 hereof shall have occurred and while it shall be continuing, so much of the following amounts as are indefeasibly received by the Vendee (or the Vendor as assignee of the Vendee under the Lease) at any time after any such event and during the continuance thereof: (a) all amounts of rental and amounts in respect of Casualty Occurrences or a Termination (as such terms are defined in Article 6 hereof) paid for or with respect to the Equipment pursuant to the Lease and any and all other payments received under Section 9 or any other provision of the Lease and

(b) any and all payments or proceeds received by the Vendee under the Lease or received by the Vendee for or with respect to the Equipment as the result of the sale, lease or other disposition thereof and after deducting all costs and expenses of such sale, lease or other disposition and (ii) at any other time only that portion of the amounts referred to in the foregoing clauses (a) and (b) as are indefeasibly received by the Vendee (or the Vendor as assignee of the Vendee under the Lease) and as shall be required to discharge the portion of the CSA Indebtedness (including prepayments thereof required in respect of Casualty Occurrences or a Termination) and/or interest thereon, due and payable on the date such amounts were required to be paid pursuant to the Lease or as shall be required to discharge any other payments then due and payable under this Agreement; it being understood that "income and proceeds from the Equipment" shall in no event include amounts referred to in the foregoing clauses (a) and (b) which were received by the Vendee (or the Vendor as assignee of the Vendee under the Lease) prior to the existence of such an event of default which exceeded the amounts required to discharge that portion of the CSA Indebtedness (including prepayments thereof required in respect of Casualty Occurrences or a Termination) and/or interest thereon due and payable on the date on which amounts with respect thereto received by the Vendee were required to be paid to it pursuant to the Lease or which exceeded any other payments due and payable under this Agreement at the time such amounts were due and payable under the Lease. Notwithstanding anything to the contrary contained in Articles 14 and 15 hereof, the Vendor agrees that in the event it shall obtain a judgment against the Vendee for an amount in excess of the amounts payable by the Vendee pursuant to the limitations set forth in this paragraph, it will, accordingly, limit its execution of such judgment against the Vendee to amounts payable pursuant to the limitations set forth in this paragraph. It is further agreed by the parties hereto that nothing contained herein limiting the liability of the Vendee shall derogate from the right of the Vendor to proceed against the Equipment as provided for herein for the full unpaid Purchase Price of the Equipment and interest thereon and all other payments and obligations hereunder or to proceed against the Lessee under the Lease or the Consent.

ARTICLE 4. Title to the Equipment. The Vendor shall and hereby does retain a security interest in the Hulks delivered to the Builder hereunder for reconstruction and

shall continue to retain such security interest during the entire period that the Hulks are being reconstructed and thereafter in the Equipment until the Vendee shall have made all its payments under this Agreement in respect of the Equipment and shall have kept and performed all its agreements herein contained in respect thereof, notwithstanding any provision of this Agreement limiting the liability of the Vendee and notwithstanding the delivery of the Equipment to and the possession and use thereof by the Vendee and the Lessee as provided in this Agreement and the Lease. Any and all additions to the Hulks and the Equipment, and any and all parts installed on and additions and replacements made to any unit of the Hulks prior to their delivery and acceptance hereunder shall constitute accessions thereto and shall be subject to all the terms and conditions of this Agreement and included in the term "Equipment" as used in this Agreement.

Except as otherwise specifically provided in Article 6 hereof, when and only when the Vendor shall have been paid the full CSA Indebtedness, together with interest and all other payments as herein provided, and all the Vendee's obligations herein contained shall have been performed, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee without further transfer or action on the part of the Vendor. However, the Vendor, if so requested by the Vendee at that time, will (a) execute and deliver to the Vendee a bill or bills of sale for the Equipment releasing its security interest therein to the Vendee, free of all claims, rights, liens, security interests and other encumbrances created or retained hereby, (b) execute and deliver to the Vendee for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the Vendee to such Equipment and (c) pay to the Vendee any money paid to the Vendor pursuant to Article 6 hereof and not theretofore applied as therein provided. The Vendee hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file any such certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file such certificate within a reasonable time after written demand by the Vendee.

ARTICLE 5. Taxes. All payments to be made by the Vendee hereunder will be free of expense to the Vendor for collection or other charges and will be free of expense to the Vendor with respect to the amount of any local, state, Federal or foreign taxes (other than net income taxes, gross receipts taxes [except gross receipts taxes in the nature of or in lieu of sale, use or rental taxes], franchise taxes measured by net income based upon such receipts, excess profits taxes and similar taxes) or license fees, assessments, documentary stamp taxes, charges, fines or penalties (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called impositions) hereafter levied or imposed upon or in connection with or measured by this Agreement or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof, all of which impositions the Vendee assumes and agrees to pay on demand in addition to the Purchase Price of the Equipment. The Vendee will also pay promptly all impositions which may be imposed upon the Equipment delivered to it or for the use or operation thereof or upon the earnings arising therefrom or upon the Vendor solely by reason of its ownership thereof and will keep at all times all and every part of the Equipment free and clear of all impositions which might in any way affect the security interest of the Vendor or result in a lien upon any part of the Equipment; provided, however, that the Vendee shall be under no obligation to pay any impositions of any kind so long as it is contesting in good faith (after written notice to the Vendor) and by appropriate legal proceedings such impositions and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the title, property or rights of the Vendor in or to the Equipment or otherwise under this Agreement. If any impositions shall have been charged or levied against the Vendor directly and paid by the Vendor, the Vendee shall reimburse the Vendor upon presentation of an invoice therefor, and any amounts so paid by the Vendor shall be secured by and under this Agreement; provided, however, that the Vendee shall not be obligated to reimburse the Vendor for any impositions so paid unless the Vendor shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for the Vendor) or unless the Vendee shall have approved the payment thereof.

ARTICLE 6. Maintenance and Repair; Termination; Casualty Occurrences. The Vendee agrees that, at its own cost and expense, it will maintain and keep each unit of the Equipment in good order, repair and condition.

In the event that (i) the Lessee does not elect to extend the original term of the Lease for the Extended Terms (as defined in the Lease) (such event being herein called a "Termination"), or (ii) any unit of the Equipment shall be or become worn out, lost, stolen, destroyed or, in the opinion of the Lessee, irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise by the United States government for a stated period which shall exceed the then remaining term of the Lease or for an indefinite period or by any other governmental entity, in any case resulting in loss of possession by the Lessee for a period of 90 consecutive days or until the end of the term of the Lease (any such occurrence referred to in this clause (ii) being herein called a "Casualty Occurrence"), the Vendee shall, within 30 days after it shall have received notice from the Lessee or has otherwise been informed that there has been a Termination or a Casualty Occurrence, cause the Vendor to be fully informed in regard thereto. Notwithstanding any such Casualty Occurrence, the Vendee shall continue making payment of all installments of principal and interest in respect of such unit until the next succeeding date for the payment of interest on the CSA Indebtedness. On the next succeeding Payment Date in respect of the CSA Indebtedness, in the case of a Casualty Occurrence, and on February 20, 1990, in the case of a Termination (each such date being hereinafter called a "Settlement Date") the Vendee shall, subject to the provisions of the last paragraph of Article 3 hereof, pay to the Vendor a sum equal to the Settlement Value (as hereinafter defined in this Article 6) of such unit having suffered a Casualty Occurrence, or been subject to a Termination as of the date of such payment and shall file, or cause to be filed, with the Vendor a certificate setting forth the Settlement Value of such unit. Any money paid to the Vendor pursuant to this paragraph shall be applied on the date that such Settlement Value is paid (after the payment of the interest and principal due on such date) to prepay without penalty or premium, ratably in accordance with the unpaid balance of each installment, the CSA Indebtedness and the Vendee will promptly furnish to the Vendor and the Lessee a revised schedule of payments of principal and interest thereafter to be made, in such number of counterparts as the Vendor may request.

Upon payment by the Vendee to the Vendor of the Settlement Value of any unit of the Equipment having suffered a Casualty Occurrence or been subject to a Termination, absolute right to the possession of, title to and property in

such unit shall pass to and vest in the Vendee, without further transfer or action on the part of the Vendor, except that the Vendor, if requested by the Vendee, will execute and deliver to the Vendee, at the expense of the Vendee, an appropriate instrument, confirming such passage to the Vendee of all the Vendor's right, title and interest, and the release of the Vendor's security interest, in such unit, in recordable form, in order that the Vendee may make clear upon the public records the title of the Vendee to such unit.

The Settlement Value of each unit of the Equipment having suffered a Casualty Occurrence or been subject to a Termination shall be deemed to be that portion of the original CSA Indebtedness with respect to such unit remaining unpaid on the date as of which such Settlement Value shall be determined (without giving effect to any prepayment or prepayments theretofore made under this Article with respect to any other Unit), plus interest accrued thereon but unpaid as of such date. For the purpose of this paragraph, each payment of CSA Indebtedness in respect of Equipment made pursuant to Article 3 hereof shall be deemed to be a payment on each unit of the Equipment in like proportion as the original Purchase Price of such unit bears to the aggregate original Purchase Price of all the units of Equipment.

If the Vendor shall receive any insurance proceeds or condemnation payments in respect of such units suffering a Casualty Occurrence, the Vendor shall, subject to the Vendor having received payment of the Settlement Value hereunder, pay such insurance proceeds or condemnation payments to the Vendee. All insurance proceeds or condemnation payments received by the Vendor in respect of any unit or units of Equipment not suffering a Casualty Occurrence shall be paid to the Vendee upon proof satisfactory to the Vendor that any damage to such unit in respect of which such proceeds were paid has been fully repaired.

ARTICLE 7. Reports and Inspections. On or before March 31 in each year, commencing with the calendar year 1980, the Vendee shall cause to be furnished to the Vendor an accurate statement setting forth as of the preceding December 31 the amount, description and numbers of the Equipment (a) then covered hereby, (b) that have suffered a Casualty Occurrence during the preceding 12 months (or since the date of this Agreement in the case of the first such statement) and (c) then undergoing repairs (other than running repairs) or then withdrawn from use pending such repairs and setting forth such other information regarding the condition and state of repair of the Equipment as the Vendor

may reasonably request and stating that, in the case of all Equipment repaired or repainted during the period covered by such statement, such Equipment is marked as required by Article 8 hereof. The Vendor shall have the right, by its agents, to inspect the Equipment and the Lessee's records with respect thereto at such reasonable times as the Vendor may request during the continuance of this Agreement.

ARTICLE 8. Marking of Equipment. The Vendee will cause each unit of the Equipment to be kept numbered with its identifying number as set forth in Schedule A hereto, or, in the case of Equipment not there listed, such identifying number as shall be set forth in any amendment or supplement hereto extending this Agreement to cover such Equipment, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each unit, in letters not less than seven-sixteenths of one inch in height, the following legend: "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION" or other appropriate words designated by the Vendor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Vendor's title to and property in the Equipment and its rights under this Agreement. The Vendee will not permit any such unit to be placed in operation or exercise any control over the same until such legend shall have been so marked on both sides thereof and will replace or will cause to be replaced promptly any such legend which may be removed, obliterated, defaced or destroyed. The Vendee will not permit the identifying number of any unit of the Equipment to be changed except in accordance with a statement of a new number or numbers to be substituted therefor, which statement previously shall have been filed with the Vendor and filed, recorded and deposited by the Vendee in all public offices where this Agreement shall have been filed, recorded and deposited.

Except as provided in the preceding paragraph, the Vendee will not allow the name of any person, association or corporation to be placed on any unit of the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Vendee may allow the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates on railroad equipment used by them of the same or a similar type for convenience of identification of the rights of the Lessee or its affiliates to use the Equipment as permitted under the Lease.

Article 9. Compliance with Laws and Rules. During the term of this Agreement, the Vendee will comply, and will cause every lessee or user of the Equipment to comply, in all respects (including, without limitation, with respect to the use, maintenance and operation of the Equipment) with all laws of the jurisdictions in which its or such lessees' operations involving the Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, and in the event that such laws or rules require any alteration, replacement or modification, of or to any part on any unit of the Equipment, the Vendee will conform therewith at its own expense; provided, however, that the Vendee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Vendor, adversely affect the property or rights of the Vendor under this Agreement.

Article 10. Possession and Use. The Vendee, so long as an event of default shall not have occurred and be continuing under this Agreement, shall be entitled, from and after delivery of the Equipment to the Vendee, to the possession of the Equipment and the use thereof, but only upon and subject to all the terms and conditions of this Agreement.

The parties hereto acknowledge that the Vendee simultaneously herewith is leasing the Equipment to the Lessee as provided in the Lease, and the rights of the Lessee and its permitted assigns under the Lease shall be subordinate and junior in rank to the rights, and shall be subject to the remedies, of the Vendor under this Agreement. The Lease shall not be amended or terminated (except in accordance with its terms) without the prior written consent of the Vendor.

Subject to the provisions of the preceding paragraph of this Article 10, the Equipment may be used upon the lines of railroad owned or operated by the Lessee or any affiliate of the Lessee (or any other railroad company approved by the Vendor) or upon lines of railroad over which the Lessee or any such affiliate has trackage or other operating rights, or over which railroad equipment of the Lessee or any such affiliate is regularly operated pursuant to contract, and the Equipment may be used upon connecting and

other carriers in the usual interchange of traffic or equipment, but only upon and subject to all the terms and conditions of this Agreement; provided, however, that the Vendee shall not assign any unit of the Equipment to service which is not permitted by the Lease. Except as otherwise provided in the Lease, the Vendee may also lease the Equipment to any other railroad company with the prior written consent of the Vendor; provided, however, that (i) such lease shall provide that the rights of such lessee are made expressly subordinate to the rights and remedies of the Vendor under this Agreement, (ii) such lessee shall expressly agree not to assign or permit the assignment of any unit of the Equipment to service involving the regular operation and maintenance thereof outside the United States of America and (iii) a copy of such lease shall be furnished to the Vendor.

ARTICLE 11. Prohibition Against Liens. The Vendee will pay or discharge any and all sums claimed by any party from, through or under the Vendee or its successors or assigns which, if unpaid, might become a lien, charge, security interest or other encumbrance upon or with respect to the Equipment, or any unit thereof, or the Vendee's interests in the Lease or the payments due and to become due thereunder, or any part thereof, equal to or superior to the Vendor's security interest therein, and will promptly discharge any such lien, charge, security interest or other encumbrance which arises, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by any appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the property or rights of the Vendor in or to the Equipment or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of any claims, liens, charges or security interests upon the Equipment shall be secured by and under this Agreement.

This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

The foregoing provisions of this Article 11 shall be subject to the limitations set forth in the last paragraph of Article 3 hereof and the provisions of Article 21 hereof;

provided, however, that the Vendee will pay or discharge any and all claims, liens, charges or security interests claimed by any party from, through or under the Vendee or its successors or assigns, and to the extent that it receives funds sufficient for such purpose from the Beneficiary, from, through or under the Beneficiary and its successors and assigns, not arising out of the transactions contemplated hereby (but including tax liens arising out of the receipt of the income and proceeds from the Equipment), equal or superior to the Vendor's security interest therein, which, if unpaid, might become a lien, charge or security interest on or with respect to the Equipment, or any unit thereof, or the Vendee's interest in the Lease and the payments to be made thereunder, but the Vendee shall not be required to pay or discharge any such claim so long as the validity or priority thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the security interest of the Vendor in or to the Equipment or otherwise under this Agreement or in and to the Lease and the payments to be made thereunder.

Article 12. Indemnities and Warranties. The Vendee agrees to indemnify, protect and hold harmless the Vendor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including but not limited to counsel fees and expenses, penalties and interest, arising out of or as the result of the entering into or the performance of this Agreement, the retention by the Vendor of security title to or a security interest in the Equipment, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any of the Equipment, any accident in connection with the operation, use, condition, possession, storage or return of any of the Equipment resulting in damage to property or injury or death to any person during the period when title thereto remains in the Vendor or the transfer of title to the Equipment by the Vendor pursuant to any of the provisions of this Agreement, except, however, any losses, damages, injuries, liabilities, claims and demands whatsoever arising out of any tort, breach of warranty or failure to perform any covenant hereunder by the Builder. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of the indebtedness in respect of the Purchase Price of, and the release of the security interest in, the Equipment, as provided in the last paragraph of Article 4

hereof, or the termination of this Agreement in any manner whatsoever.

The Vendee will bear the responsibility for and risk of, and shall not be released from its obligations hereunder in the event of, any damage to or the destruction or loss of any unit or all the Equipment.

THE VENDOR MAKES NO WARRANTIES WHETHER WRITTEN, ORAL, STATUTORY OR IMPLIED, INCLUDING THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE HULKS OR THE EQUIPMENT OR IN CONNECTION WITH THIS AGREEMENT OR THE DELIVERY AND SALE OF THE EQUIPMENT HEREUNDER.

The Builder warrants that the Hulks will be reconstructed in accordance with the Specifications and standards set forth or referred to in Article 1 hereof and warrants that the Equipment will be free from defects in material or workmanship or design under normal use and service. THIS WARRANTY IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, WITH RESPECT TO RECONSTRUCTION, EXPRESSED OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. The Builder agrees to and does hereby, to the extent legally possible without impairing any claim, right or cause of action hereinafter referred to, transfer, assign, set over and deliver to the Vendor and, subject to the rights of the Vendor under this Agreement, to the Vendee, every claim, right and cause of action which the Builder has or hereafter shall have against any party who shall perform any of the reconstruction of the Hulks and the Builder agrees to execute and deliver to the Vendor and the Vendee all and every such further assurance as may be reasonably requested more fully to effectuate the assignment, transfer and delivery of every such claim, right and cause of action.

The Builder agrees to indemnify, protect and hold harmless the Vendor and the Vendee from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Vendor or the Vendee (i) because of the use in or about the construction or operation of the Equipment or the reconstruction of the Hulks, or any unit thereof, of any design, article or material infringing or claimed to infringe on any patent or other right or (ii) arising out of any accident or tort in connection with the reconstruction, operation, use, condition, possession or

storage by the Builder of any of the Hulks or any unit of the Equipment resulting in damage to property or injury or death to any person. The Vendor or the Vendee, as the case may be, will give notice to the Builder of any claim known to it from which liability may be charged against the Builder under this paragraph.

The Builder represents that it is not entering into this Agreement, or into any other transaction contemplated by the Participation Agreement, directly or indirectly in connection with any arrangement or understanding in any way involving any employee benefit plan (other than a governmental plan) with respect to which it, the Beneficiary, the Lessee, or the Vendee in its individual capacity is a party in interest, all within the meaning of the Employee Retirement Income Security Act of 1974.

The warranties and indemnities contained or referred to in this Article 12 and in any other Articles hereof and all other covenants and obligations of the Builder contained in this Agreement shall inure to the benefit of, and be enforceable by, any lessor, lessee, assignee or transferee of this Agreement or of any units of the Equipment including, without limitation, the Vendee or the Beneficiary.

ARTICLE 13. Assignments. The Vendee will not (a) except as provided in Article 10 hereof or in the Trust Agreement, transfer the right to possession of any unit of the Equipment or (b) sell, assign, transfer or otherwise dispose of its rights under this Agreement unless such sale, assignment, transfer or disposition (i) is made expressly subject in all respects to the rights and remedies of the Vendor hereunder (including without limitation, rights and remedies against the Vendee) and (ii) is made to a bank or trust company having capital and surplus aggregating at least \$50,000,000, and such bank or trust company expressly assumes, in writing, in form reasonably satisfactory to the Vendor, all the obligations of the Vendee under this Agreement.

All or any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Vendee, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time. No such assignment shall subject any assignee to, or relieve the Builder from, any of the obligations of the Builder to reconstruct and deliver the Equipment in accordance herewith or to respond to its warranties and indemnities contained or

referred to in Article 12 hereof or relieve the Vendee of its obligations to the Builder contained or referred to in this Agreement.

Upon any such assignment, either the assignor or the assignee shall give written notice to the Vendee, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall, by virtue of such assignment, acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Vendee of the notification of any such assignment, all payments thereafter to be made by the Vendee under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

ARTICLE 14. Defaults. In the event that any one or more of the following events of default shall occur and be continuing (without regard to the limitations provided for in the last paragraph of Article 3 hereof or in Article 21 hereof) to wit:

(a) the Vendee shall fail to pay in full any sum payable by the Vendee when payment thereof shall be due hereunder and such default shall continue for ten days; or

(b) the Vendee shall, for more than 30 days after the Vendor shall have demanded in writing performance thereof, fail or refuse to comply with any other covenant, agreement, term or provision of this Agreement or of any agreement entered into concurrently herewith relating to the financing of the Equipment, on its part to be kept and performed or to make provision satisfactory to the Vendor for such compliance; or

(c) a petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may be hereafter amended or under any other provision of Title 11 of the United States Code, as now constituted or as hereafter amended, shall be filed by or against the Lessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall

continue), all the obligations of the Lessee under the Lease shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed in such proceedings (whether or not subject to ratification) in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier or by the trustee in such proceedings in accordance with the provisions of 11 U.S.C. § 1168, or any successor provision as the same may hereafter be amended; or

(d) any proceeding shall be commenced by or against the Vendee or the Lessee for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the obligations hereunder or under the Lease, the Lease Assignment, the Consent or the Participation Agreement of the Vendee or the Lessee, as the case may be), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Vendee or the Lessee under this Agreement, the Lease, the Lease Assignment, the Consent and/or the Participation Agreement, as the case may be, shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Vendee or the Lessee, as the case may be, or for its property in connection with any such proceedings in such manner that such obligations have the same status as expenses of administration and obligations incurred by such trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

(e) the Vendee shall make or permit any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment;

then at any time after the occurrence of such an event of default the Vendor may upon written notice to the Vendee and the Lessee and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, (i) cause the term of the Lease immediately upon such notice to terminate (and the Vendee acknowledges the right of the Vendor to terminate the Lease) but without affecting the indemnities or other agreements of the Lessee which by the provisions of the Lease survive the termination of its term and/or (ii) declare (hereinafter called a "Declaration of Default") the entire unpaid CSA Indebtedness together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in Article 3 hereof as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. Upon a Declaration of Default, subject to Article 3 hereof, the Vendor shall be entitled to recover judgment for the entire unpaid balance of the CSA Indebtedness, with interest as aforesaid, and, subject to the limitations of Articles 3 and 21 hereof, to collect such judgment out of any property of the Vendee wherever situated. The Vendee agrees to notify the Vendor promptly of any event of which it has knowledge which constitutes, or with the giving of notice and/or lapse of time could constitute, an event of default under this Agreement.

The Vendor may, at its election, waive any such event of default and its consequences and rescind and annul any Declaration of Default or notice of termination of the Lease by notice to the Vendee in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such event of default had occurred and no Declaration of Default or notice of termination of the Lease had been made or given. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Vendee that time is of the essence of this Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

Anything herein to the contrary notwithstanding, in the case of any event of default occurring hereunder due to the occurrence of an Event of Default under the Lease that is curable pursuant to the next succeeding sentence, the Vendor shall not, without the prior written consent of

the Beneficiary, exercise any remedy or remedies provided herein or in the Lease in respect thereof during a 30-day period next following the giving of written notice to the Beneficiaries constituting a declaration of default as above provided. During such 30-day period, the Vendee and/or the Beneficiary shall have the right to cure, on behalf of the Lessee, such Event of Default under the Lease; provided, however, that no more than four such Events of Default pursuant to Section 9(A) of the Lease (not more than two being consecutive) may be cured as aforesaid. Except as provided in the immediately preceding sentence, such right to cure may be exercised by one or more of said parties any number of times throughout the term of the Lease whether or not the Lessee shall at any time repay any amounts so advanced in order to cure one or more such defaults, and each such separate Event of Default occurring subsequent to an Event of Default which was theretofore cured by one or more such parties shall be subject to the notice requirement and the 30-day period during which the Vendor may not exercise his remedies as hereinabove provided. No party exercising any such right to cure shall obtain any lien, charge or encumbrance of any kind upon the Equipment or any rentals or other amounts payable therefor under the Lease in respect of any sums paid in connection with the exercise of such right or the curing of such Event of Default, nor shall any claims of such party against the Lessee for the repayment of such sums so advanced impair the prior right of the Vendor to the sums payable by the Lessee under the Lease; provided, however, that if no event of default hereunder shall then have occurred and be continuing and if all payments of CSA Indebtedness and interest thereon then due and owing shall have been made at the time of receipt by the Vendor from the Lessee of an overdue installment of rental or other sum under the Lease in respect of which the Vendee or the Beneficiary shall have made payment to the Vendor pursuant to this paragraph and/or any interest payable by the Lessee in respect of the late payment thereof, such installment or other sum and interest thereon shall be released to or at the written direction of the Vendee.

ARTICLE 15. Remedies. At any time during the continuance of a Declaration of Default, the Vendor may, upon such further notice and action, if any, as may be required for compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Vendor, take or cause to be taken, by its agent or agents, immediate possession of the Equipment, or one or more of the units thereof, without liability to return to the Vendee any sums

theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 15 expressly provided, and may remove the same from possession and use of the Vendee, the Lessee or any other person and for such purpose may enter upon the premises of the Vendee or the Lessee or any other premises where the Equipment may be located, and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Vendee or the Lessee, subject to all mandatory requirements of due process of law.

In case the Vendor shall demand possession of the Equipment pursuant to this Agreement and shall designate a reasonable point or points for the delivery of the Equipment to the Vendor, the Vendee shall, at its own expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, causing prompt telegraphic and written notice to be given to the Association of American Railroads and all railroads to which any unit or units of the Equipment have been interchanged to return the unit or units so interchanged) cause the Equipment to be placed upon such storage tracks of the Lessee as the Vendor reasonably may designate;

(b) permit the Vendor to store the Equipment on such tracks at the risk of the Vendee for a period not exceeding 270 days without charge for rent or storage until the Equipment has been sold, leased or otherwise disposed of by the Vendor; and

(c) cause the Equipment to be transported to any reasonable place on the lines of railroad operated by the Lessee or any of its affiliates or to any connecting carrier for shipment, all as directed by the Vendor.

During any storage period, the Vendee will, at its own cost and expense, insure, maintain and keep each such unit in good order and repair and will permit the inspection of the Equipment by the Vendor, the Vendor's representatives and prospective purchasers, lessees and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and, upon application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree against the Vendee requiring specific performance hereof. The Vendee hereby expressly waives any and all claims against the Vendor and its agent or agents for damages

notice of the time and place, may sell the Equipment, or one or more of the units thereof, free from any and all claims of the Vendee or any other party claiming from, through or under the Vendee at law or in equity, at public or private sale and with or without advertisement as the Vendor may determine; provided, however, that if, prior to such sale and prior to the making of a contract for such sale, the Vendee should tender full payment of the total unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, the sale and the Vendor's reasonable attorneys' fees, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee. The proceeds of such sale or other disposition, less the attorneys' fees and any other expenses incurred by the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling or otherwise disposing of the Equipment, shall be credited on the amount due to the Vendor under the provisions of this Agreement.

Any sale hereunder may be held or conducted at New York, New York, at such time or times as the Vendor may specify (unless the Vendor shall specify a different place or places, in which case the sale shall be held at such place or places as the Vendor may specify), in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine, so long as such sale shall be in a commercially reasonable manner. The Vendor, or the Vendee may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. The Vendee shall be given written notice of such sale not less than ten days prior thereto by telegram or registered mail, addressed as provided in Article 20 hereof. If such sale shall be a private sale (which shall be deemed to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where less than 40 offerees have been solicited in writing to submit bids), it shall be subject to the right of the Vendee to purchase or provide a purchaser, within ten days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. In the event that the Vendor shall be the purchaser thereof,

it shall not be accountable to the Vendee (except to the extent of surplus money received as hereinafter provided in this Article 15), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all sums then due and owing to the Vendor hereunder. From and after the date of any such sale, the Vendee shall pay the Vendor an amount equal to interest (at the rate specified in Article 3 hereof as being applicable to amounts remaining unpaid after becoming due and payable) on the unpaid CSA Indebtedness with respect to each unit of Equipment which shall not have been assembled as hereinafter provided, by the date of such sale for each day from the date of such sale to the date of delivery to the purchaser at such sale.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the Vendee shall not otherwise alter or affect the Vendor's rights or the Vendee's obligations hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Vendee's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Vendee shall, subject to the provisions of the last paragraph of Article 3 hereof, pay the amount of such deficiency to the Vendor upon demand, together with interest from the date of such demand to the date of payment, at the highest prime rate of interest charged by any of the four New York City banks having the largest total assets in effect on the date such demand was made, and, if the Vendee shall fail

to pay such deficiency, the Vendor may bring suit therefor and shall, subject to the limitations of the last paragraph of Article 3 hereof, be entitled to recover a judgment therefor against the Vendee. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Vendee.

The Vendee will pay all reasonable expenses, including attorneys' fees, incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable expenses, including reasonable attorneys' fees, and the amount thereof shall be included in such judgment.

The foregoing provisions of this Article 15 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

Notwithstanding any other provision of this Article 15 in respect of an event of default hereunder (but only to the extent such event of default results from a corresponding Event of Default under the Lease), the Vendor shall not exercise any of the remedies provided for hereunder which will result in the divestment of the Vendee's title in and ownership of the units of Equipment until such time as the Vendor has arranged or has reason to believe that the Vendor can, within a reasonable time thereafter, arrange a sale or lease of the units to a party other than the Vendor, all as reasonably determined by the Vendor. It is the intent of this paragraph that the Vendee shall be allowed to retain title in and ownership of the units of Equipment until such time as the Vendor determines that divestment of such title and ownership is necessary in order to make a sale or lease to a party other than the Vendor.

ARTICLE 16. Applicable State Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the parties hereto to the full extent permitted by law, it being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

Except as otherwise provided in this Agreement, the

Vendee, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Equipment, or any one or more units thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Vendor's rights under this Agreement and any and all rights of redemption.

ARTICLE 17. Recording. The Vendee will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed and recorded in accordance with 49 U.S.C. § 11303; and the Vendee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of special counsel for the Vendor, of its security title to the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; and the Vendee will promptly furnish to the Vendor certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Vendor.

ARTICLE 18. Article Headings. The table of contents and all article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

ARTICLE 19. Effect and Modification of Agreement. Except for the Participation Agreement, this Agreement, including any annexes or schedules or exhibits hereto, exclusively and completely states the rights of the parties hereto with respect to the Hulks and the Equipment and supersedes all other agreements oral or written, with respect to the Hulks and the Equipment. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of the parties hereto.

ARTICLE 20. Notice. Any notice hereunder to any of the parties designated below shall be deemed to be properly served if delivered or mailed to it at its place of business at the following specified addresses:

(a) to the Vendor, at 79 South Main Street, Salt Lake City, Utah 84111, attention of Trust Division, Corporate Trust Department,

(b) to the Vendee, at 79 South Main Street, Salt Lake City, Utah 84111, attention of Trust Division, Corporate Trust Department,

(c) to Westinghouse Credit Corporation, at Three Gateway Center, Pittsburgh, Pennsylvania 15222, attention of Manager of Lease Operations,

(d) to the Builder (i) if delivered by hand, at 908 West Broadway, Louisville, Kentucky 40201 and (ii) if mailed, at P. O. Box 32290, Louisville, Kentucky 40232,

(e) to any assignee of the Vendor, or of the Vendee, at such address as may have been furnished in writing to the Vendee, or the Vendor, as the case may be, by such assignee.

or at such other address as may have been furnished in writing by such party to the other parties to this Agreement.

ARTICLE 21. Immunities; Satisfaction of Undertakings. No recourse shall be had in respect of any obligation due under this Agreement, or referred to herein, against any incorporator, stockholder, beneficiary, director or officer, as such, past, present or future, of the parties hereto, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of such incorporators, beneficiaries, stockholders, directors or officers being forever released as a condition of and as consideration for the execution of this Agreement.

The obligations of the Vendee under the second, fifth, seventh and eighth paragraphs of Article 15 and under Articles 2, 5, 6 (other than the third and fourth sentences of the second paragraph thereof to the extent requiring delivery of certificates and payment schedules as therein provided), 7, 8, 9, 11 (other than the proviso to the last paragraph thereof), 12 and 17 hereof shall be deemed in all respects satisfied by the Lessee's undertakings contained in the Lease. The Vendee shall not have any responsibility for the Lessee's failure to perform such obligations, but if the same shall not be performed they shall constitute the basis for an event of default hereunder pursuant to Article 14 hereof. No waiver or amendment of the Lessee's undertakings under the Lease shall be effective unless joined in by the Vendor.

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Vendee, are made and intended not as personal representations, undertakings and agreements by the Vendee in its individual capacity or for the purpose or with the intention of binding the Vendee personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Agreement is executed and delivered by the Vendee not in its own right but solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and except in the case of gross negligence or wilful misconduct, no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the Vendee on account of this Agreement or on account of any representation, undertaking or agreement of the Vendee, either expressed or implied (except for the Vendee's obligations under subparagraph (b) of the third paragraph of Article 3 hereof and under the proviso to the last paragraph of Article 11 hereof), all such personal liability, if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor.

ARTICLE 22. Law Governing. The Vendee warrants that its chief place of business is located in the State of Utah. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Utah; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303 and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

ARTICLE 23. Execution. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. It shall not be necessary that any counterpart be signed by all the parties so long as each party shall sign at least one counterpart. This Agreement shall be valid, binding and effective at such time as the Vendor shall have executed a counterpart and received (or as to which the Vendor shall have received attested telegraphic

communication confirming execution of) counterparts executed by the Builder and the Vendee. Although this Agreement is dated as of the date set forth on the cover hereof, for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed all as of the date first above written.

FIRST SECURITY BANK OF UTAH, N.A.,
not in its individual capacity but
solely as Agent,

[Corporate Seal]

Attest:

Authorized Officer

by

L. B. Eicher
Authorized Officer

L&N INVESTMENT CORPORATION,

by

[Corporate Seal]

Attest:

Vice President

Attesting Officer

FIRST SECURITY STATE BANK, not in
its individual capacity but solely
as Trustee,

by

M. C. H. H.
Authorized Officer

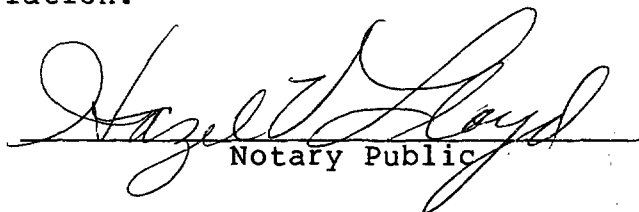
[Corporate Seal]

Attest:

Frederic L. Murphy
Authorized Officer

STATE OF UTAH,)
) ss.:
 COUNTY OF SALT LAKE,)

On this 22nd day of June 1979, before me personally appeared Fred B. Anderson, to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, N.A., that one of the seals affixed to the foregoing instrument is the corporate seal of said national banking association, that said instrument was signed and sealed on behalf of said national banking association by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national banking association.


 Notary Public

[Notarial Seal]

My Commission expires June 10, 1980

COMMONWEALTH OF KENTUCKY,)
) ss.:
 COUNTY OF JEFFERSON,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is of L&N INVESTMENT CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

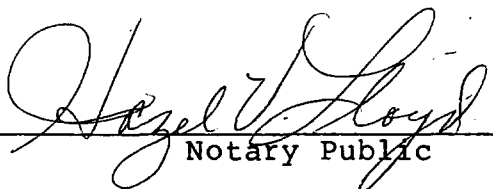
 Notary Public

[Notarial Seal]

My Commission expires

STATE OF UTAH,)
) SS.:
COUNTY OF SALT LAKE,)

On this 22nd day of June 1979, before me personally appeared William McNeary, to me personally known, who, being by me duly sworn, says that he is an Authorized officer of FIRST SECURITY STATE BANK, that one of the seals affixed to the foregoing instrument is the seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Notary Public

[Notarial Seal]

My Commission expires

June 10, 1980

ANNEX I-A

Allocation Schedule of
Each \$1,000,000
of CSA Indebtedness
in respect of Units
of Equipment in Category 10

<u>Pay. No.</u>	<u>Date</u>	<u>Debt Service</u>	<u>Interest</u>	<u>Principal</u>	<u>Remaining Principal Balance</u>
1	8/20/80	\$ 84,919.28	\$ 51,875.00	\$ 33,044.28	\$ 966,955.72
2	2/20/81	84,919.28	50,160.83	34,758.45	932,197.27
3	8/20/81	84,919.28	48,357.74	36,561.54	895,635.73
4	2/20/82	84,919.28	46,461.11	38,458.17	857,177.56
5	8/20/82	84,919.28	44,466.09	40,453.19	816,724.37
6	2/20/83	84,919.28	42,367.58	42,551.70	774,172.67
7	8/20/83	84,919.28	40,160.21	44,759.07	729,413.60
8	2/20/84	84,919.28	37,838.33	47,080.95	682,332.65
9	8/20/84	84,919.28	35,396.01	49,523.27	632,809.38
10	2/20/85	84,919.28	32,826.99	52,092.29	580,717.09
11	8/20/85	84,919.28	30,124.70	54,794.58	525,922.51
12	2/20/86	84,919.28	27,282.23	57,637.05	468,285.46
13	8/20/86	84,919.28	24,292.31	60,626.97	407,658.49
14	2/20/87	84,919.28	21,147.29	63,771.99	343,886.50
15	8/20/87	84,919.28	17,839.11	67,080.17	276,806.33
16	2/20/88	84,919.28	14,359.33	70,559.95	206,246.38
17	8/20/88	84,919.28	10,699.03	74,220.25	132,026.13
18	2/20/89	84,919.28	6,848.86	78,070.42	53,955.71
19	8/20/89	56,754.66	2,798.95	53,955.71	.00
Totals		<u>\$1,585,301.70</u>	<u>\$585,301.70</u>	<u>\$1,000,000.00</u>	

ANNEX I-B

Allocation Schedule of
Each \$1,000,000
of CSA Indebtedness
in respect of Units
of Equipment in Category 11

<u>Pay. No.</u>	<u>Date</u>	<u>Debt Service</u>	<u>Interest</u>	<u>Principal</u>	<u>Remaining Principal Balance</u>
1	8/20/80	\$ 79,938.94	\$ 51,875.00	\$ 28,063.94	\$971,936.06
2	2/20/81	79,938.94	50,419.19	29,519.75	942,416.31
3	8/20/81	79,938.94	48,887.85	31,051.09	911,365.22
4	2/20/82	79,938.94	47,277.07	32,661.87	878,703.35
5	8/20/82	79,938.94	45,582.74	34,356.20	844,347.15
6	2/20/83	79,938.94	43,800.51	36,138.43	808,208.72
7	8/20/83	79,938.94	41,925.83	38,013.11	770,195.61
8	2/20/84	79,938.94	39,953.90	39,985.04	730,210.57
9	8/20/84	79,938.94	37,879.68	42,059.26	688,151.31
10	2/20/85	79,938.94	35,697.85	44,241.09	643,910.22
11	8/20/85	79,938.94	33,402.84	46,536.10	597,374.12
12	2/20/86	79,938.94	30,988.78	48,950.16	548,423.96
13	8/20/86	79,938.94	28,449.49	51,489.45	496,934.51
14	2/20/87	79,938.94	25,778.48	54,160.46	442,774.05
15	8/20/87	79,938.94	22,968.91	56,970.03	385,804.02
16	2/20/88	79,938.94	20,013.58	59,925.36	325,878.66
17	8/20/88	79,938.94	16,904.96	63,033.98	262,844.68
18	2/20/89	79,938.94	13,635.07	66,303.87	196,540.81
19	8/20/89	79,938.94	10,195.56	69,743.38	126,797.43
20	2/20/90	79,938.94	6,577.62	73,361.32	53,436.11
21	8/20/90	56,208.11	2,772.00	53,436.11	.00
Totals		<u>\$1,654,986.91</u>	<u>\$654,986.91</u>	<u>\$1,000,000.00</u>	

ANNEX I-C

Allocation Schedule of
Each \$1,000,000
of CSA Indebtedness
in respect of Units
of Equipment in Category 12

Pay. No.	Date	Debt Service	Interest	Principal	Remaining Principal Balance
1	8/20/80	\$ 76,372.12	\$ 51,875.00	\$ 24,497.12	\$975,502.88
2	2/20/81	76,372.12	50,604.21	25,767.91	949,734.97
3	8/20/81	76,372.12	49,267.50	27,104.62	922,630.35
4	2/20/82	76,372.12	47,861.45	28,510.67	894,119.68
5	8/20/82	76,372.12	46,382.46	29,989.66	864,130.02
6	2/20/83	76,372.12	44,826.75	31,545.37	832,584.65
7	8/20/83	76,372.12	43,190.33	33,181.79	799,402.86
8	2/20/84	76,372.12	41,469.03	34,903.09	764,499.77
9	8/20/84	76,372.12	39,658.43	36,713.69	727,786.08
10	2/20/85	76,372.12	37,753.90	38,618.22	689,167.86
11	8/20/85	76,372.12	35,750.58	40,621.54	648,546.32
12	2/20/86	76,372.12	33,643.34	42,728.78	605,817.54
13	8/20/86	76,372.12	31,426.79	44,945.33	560,872.21
14	2/20/87	76,372.12	29,095.25	47,276.87	513,595.34
15	8/20/87	76,372.12	26,642.76	49,729.36	463,865.98
16	2/20/88	76,372.12	24,063.05	52,309.07	411,566.91
17	8/20/88	76,372.12	21,349.52	55,022.60	356,534.31
18	2/20/89	76,372.12	18,495.22	57,876.90	298,657.41
19	8/20/89	76,372.12	15,492.85	60,879.27	237,778.14
20	2/20/90	76,372.12	12,334.74	64,037.38	173,740.76
21	8/20/90	76,372.12	9,012.80	67,359.32	106,381.44
22	2/20/91	76,372.12	5,518.54	70,853.58	35,527.86
23	8/20/91	37,370.87	1,843.01	35,527.86	.00
Totals		<u>\$1,717,557.51</u>	<u>\$717,557.51</u>	<u>\$1,000,000.00</u>	

ANNEX I-D

Allocation Schedule of
Each \$1,000,000
of CSA Indebtedness
in respect of Units
of Equipment in Category 13

Pay. No.	Date	Debt Service	Interest	Principal	Remaining Principal Balance
1	8/20/80	\$ 73,170.83	\$ 51,875.00	\$ 21,295.83	\$973,704.17
2	2/20/81	73,170.83	50,770.28	22,400.55	956,303.62
3	8/20/81	73,170.83	49,608.25	23,562.58	932,741.04
4	2/20/82	73,170.83	48,385.94	24,784.89	907,956.15
5	8/20/82	73,170.83	47,100.23	26,070.60	881,885.55
6	2/20/83	73,170.83	45,747.82	27,423.01	854,462.54
7	8/20/83	73,170.83	44,325.25	28,645.58	825,616.96
8	2/20/84	73,170.83	42,828.88	30,341.95	795,275.01
9	8/20/84	73,170.83	41,254.89	31,915.94	763,359.07
10	2/20/85	73,170.83	39,599.25	33,571.58	729,787.49
11	8/20/85	73,170.83	37,857.73	35,313.10	694,474.39
12	2/20/86	73,170.83	36,025.86	37,144.97	657,329.42
13	8/20/86	73,170.83	34,098.97	39,071.86	618,257.56
14	2/20/87	73,170.83	32,072.11	41,098.72	577,158.84
15	8/20/87	73,170.83	29,940.12	43,230.71	533,928.13
16	2/20/88	73,170.83	27,697.52	45,473.31	488,454.82
17	8/20/88	73,170.83	25,338.60	47,832.23	440,622.59
18	2/20/89	73,170.83	22,857.30	50,313.53	390,309.06
19	8/20/89	73,170.83	20,247.28	52,923.55	337,385.51
20	2/20/90	73,170.83	17,501.87	55,668.96	281,716.55
21	8/20/90	73,170.83	14,614.05	58,556.78	223,159.77
22	2/20/91	73,170.83	11,576.41	61,594.42	161,565.35
23	8/20/91	73,170.83	8,381.20	64,789.63	96,775.72
24	2/20/92	73,170.83	5,020.24	68,150.59	28,625.13
25	8/20/92	30,110.06	1,484.93	28,625.13	.00
Totals		<u>\$1,786,209.98</u>	<u>\$786,209.98</u>	<u>\$1,000,000.00</u>	

ANNEX I-E

Allocation Schedule of
Each \$1,000,000
of CSA Indebtedness
in respect of Units
of Equipment in Category 14

Pay. No.	Date	Debt Service	Interest	Principal	Remaining Principal Balance
1	8/20/80	\$ 70,435.07	\$ 51,875.00	\$ 18,560.07	\$981,439.93
2	2/20/81	70,435.07	50,912.20	19,522.87	961,917.06
3	8/20/81	70,435.07	49,899.45	20,535.62	941,381.44
4	2/20/82	70,435.07	48,834.16	21,600.91	919,780.53
5	8/20/82	70,435.07	47,713.62	22,721.45	897,059.08
6	2/20/83	70,435.07	46,534.94	23,900.13	873,158.95
7	8/20/83	70,435.07	45,295.12	25,139.95	848,019.00
8	2/20/84	70,435.07	43,990.99	26,444.08	821,574.92
9	8/20/84	70,435.07	42,619.20	27,815.87	793,759.05
10	2/20/85	70,435.07	41,176.25	29,258.82	764,500.23
11	8/20/85	70,435.07	39,658.45	30,776.62	733,723.61
12	2/20/86	70,435.07	38,061.91	32,373.16	701,350.45
13	8/20/86	70,435.07	36,382.56	34,052.51	667,297.94
14	2/20/87	70,435.07	34,616.08	35,818.99	631,478.95
15	8/20/87	70,435.07	32,757.97	37,677.10	593,801.85
16	2/20/88	70,435.07	30,803.47	39,631.60	554,170.25
17	8/20/88	70,435.07	28,747.58	41,687.49	512,432.76
18	2/20/89	70,435.07	26,585.04	43,850.03	468,632.73
19	8/20/89	70,435.07	24,310.32	46,124.75	422,507.98
20	2/20/90	70,435.07	21,917.60	48,517.47	373,990.51
21	8/20/90	70,435.07	19,400.76	51,034.31	322,956.20
22	2/20/91	70,435.07	16,753.35	53,681.72	269,274.48
23	8/20/91	70,435.07	13,968.61	56,466.46	212,808.02
24	2/20/92	70,435.07	11,039.42	59,395.65	153,412.37
25	8/20/92	70,435.07	7,958.27	62,476.80	90,935.57
26	2/20/93	70,435.07	4,717.28	65,717.79	25,217.78
27	8/20/93	26,525.95	1,308.17	25,217.78	.00
Totals		<u>\$1,857,837.77</u>	<u>\$857,837.77</u>	<u>\$1,000,000.00</u>	

SCHEDULE A
TO
RECONSTRUCTION AND CONDITIONAL SALE AGREEMENT

Quantity*	AAR Mechanical Designation	Description	L&N* Railroad Road Numbers (Inclusive)	Builder's Specification Number	Category	Hulk		Base Reconstruction		Purchase Price		Total*
						Purchase Price Per Unit	Total*	Per Unit	Total*	Per Unit	Total*	
93	XL	50-Ton Box Cars	96396-96488	L&N 79-1	10	\$4,500	\$418,500	\$15,679	\$1,458,147	\$20,179	\$1,876,647	
50	LO	70-Ton Covered Hopper Cars to Ballast Cars	45151-45200	L&N 79-6	10	4,500	225,000	12,848	642,400	17,348	867,400	
33	LP	50-Ton Pulp- wood to Welded Rail Cars	42901-42933	L&N 79-7	10	4,500	148,500	16,196	534,468	20,696	682,968	
158	GB	70-Ton Gon- dola Cars	27406-27445 27766-27779 28573-28600 29042-29051 29500-29565	L&N 79-3	11	4,500	711,000	12,391	1,957,778	16,891	2,668,778	
9	GB	100-Ton Gon- dola Cars	27665-27673	L&N 79-3	11	4,500	40,500	12,391	111,519	16,891	152,019	
3	GBS	100-Ton Gon- dola Cars	27980-27982	L&N 79-3	11	4,500	13,500	12,391	37,173	16,891	50,673	
11	FB	70-Ton Bulk- head Flat Cars	990603-990609 990834, 991006-991008	L&N 79-5	12	4,500	49,500	12,650	139,150	17,150	188,650	
9	FB	100-Ton Bulkhead Flat Cars	990311-990316 990402-990403 990502	L&N 79-5	12	4,500	40,500	12,650	113,850	17,150	154,350	

Quantity*	AAR Mechanical Designation	Description	L&N*		Builder's Road Numbers Specifica- tion Number	Hulk		Base		Purchase Price Total*	Per Unit	Purchase Price Total*	Per Unit	Purchase Price Total*	Per Unit
			Railroad Road Numbers (Inclusive)	Category		Purchase Price Per Unit	Total*	Reconstruction Cost Per Unit	Total*						
105	XL	70-Ton Box Cars	112417-112521	L&N 79-1	13	\$4,500	\$472,500	\$15,679	\$1,646,295	\$20,179	\$2,118,795				
20	XM	70-Ton Box Cars	112821-112840	L&N 79-1	13	4,500	90,000	15,679	313,580	20,179	403,580				
4	XP	70-Ton Box Cars	99686, 104452-104454	L&N 79-1	13	4,500	18,000	15,679	62,716	20,179	80,716				
75	HT	70-Ton Open- Top Hoppers	76450-76524	L&N 79-2	13	4,500	337,500	10,820	811,500	15,320	1,149,000				
36	XM	50-Ton Box Cars	110252-110287	L&N 79-1	14	4,500	162,000	15,679	564,444	20,179	726,444				
8	XL	50-Ton Box Cars	111879-111886	L&N 79-1	14	4,500	36,000	15,679	125,432	20,179	161,432				
34	XL	100-Ton Box Cars	114035-114068	L&N 79-1	14	4,500	153,000	15,679	533,086	20,179	686,086				
5	XP	100-Ton Box Cars	113962, 104450-104451 114300-114301	L&N 79-1	14	4,500	22,500	15,679	78,395	20,179	100,895				
64	HT	80-Ton Open-Top Hoppers	189494-189557	L&N 79-2	14	4,500	288,000	10,820	692,480	15,320	980,480				
21	HT	100-Ton Open-Top Hoppers	192090-192110	L&N 79-2	14	4,500	94,500	10,820	227,220	15,320	321,720				

Quantity*	Designation	Description	L&N*	Railroad Road Numbers (Inclusive)	Builder's Specifica- tion Number	Hulk		Base		Purchase Price Total*	Reconstruction Cost Total*	Per Unit	Purchase Price Total*	Per Unit	Total*
						Category	Per Unit	Purchase Price Total*	Reconstruction Cost Total*						
40	LO	100-Ton Covered Hopper Cars		205180-205215 <u>205998</u> 250517-250519	L&N 79-4	14	4,500	180,000	17,268	690,720	21,768	870,720			

* This Schedule A sets forth a description of Equipment having a total purchase price of \$14,241,353. It is understood and agreed, however, that the Reconstruction and Conditional Sale Agreement to which this Schedule is attached will cover only units of Equipment reasonably anticipated to be fully reconstructed prior to February 12, 1980, and having an aggregate purchase price not exceeding \$5,000,000. The balance of the units will be eligible for delivery and acceptance under a reconstruction and conditional sale agreement of even date among the parties hereto with the Owner-Trustee acting as trustee of a different trust. Following completion of deliveries, this Schedule A will be amended to delete those units of Equipment not covered.

SCHEDULE B
TO
RECONSTRUCTION AND CONDITIONAL SALE AGREEMENT

Item 1: June 27, 1979

Item 2:	August 23, 1979	\$1,032,463.19
	January 30, 1979	3,810,240.96
	February 21, 1980	5,000,000.00

Item 3:	<u>Category of Equipment</u>	<u>Number of Semiannual Installments</u>	<u>Percentage of Purchase Price</u>
	10	19	73.10
	11	21	73.70
	12	23	73.90
	13	25	74.05
	14	27	74.70

EXHIBIT A
TO RECONSTRUCTION AND
CONDITIONAL SALE AGREEMENT

TRANSFER AGREEMENT

As of April 2, 1979

First Security Bank of Utah, N.A.,
not in its individual capacity
but solely as Agent,
79 South Main Street
Salt Lake City, Utah 84111.

Attention of Mr. Robert S. Clark,
Manager, Corporate
Trust Department.

Dear Sirs:

The undersigned proposes to acquire the used railroad equipment described in Annex I hereto (the "Hulks") from Louisville and Nashville Railroad Company (the "Railroad") and desires to have such Hulks reconstructed. The undersigned hereby agrees with you as follows:

1. In order to cause the Hulks to be reconstructed and sold to us by you on conditional sale, the undersigned hereby assigns and transfers to you, without warranties of any kind, security title to the Hulks.
2. You will hold security title under and pursuant to the Reconstruction and Conditional Sale Agreement dated as of the date hereof (the "Agreement"), among you, L&N Investment Corporation (the "Builder") and us and you will request that the Hulks be reconstructed, pursuant thereto in accordance with the specifications referred to in Schedule A thereto. In accordance with the Agreement the undersigned will cause the Hulks to be delivered to the Builder on your behalf.
3. Upon completion of the reconstruction, the reconstructed Hulks will be delivered and conditionally sold by you to us in accordance with the Agreement.
4. If Hulks are excluded from the Agreement, you shall reassign to us your interest in such Hulks without warranty.

5. It is understood and agreed that this agreement is being entered into solely to permit you to effectuate the foregoing and your interests in the Hulks, in present form or as reconstructed, is a security interest and that we shall at all times be the beneficial owner of the same.

6. It is understood and agreed that this agreement may be executed by you and us in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart; that it shall not be necessary that any counterpart be signed by both of us so long as each of us shall sign at least one counterpart; and that this agreement shall be valid, binding and effective at such time as each of us shall have executed this agreement and you shall have received (or as to which you shall have received attested telegraphic communication confirming execution of) a counterpart executed by the undersigned.

7. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the undersigned, are made and intended not as personal representations, undertakings and agreements by the undersigned in its individual capacity or for the purpose or with the intention of binding the undersigned personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement dated as of the date hereof (the "Trust Agreement"), between Westinghouse Credit Corporation and the undersigned, and this agreement is executed and delivered by the undersigned not in its own right but solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and except in the case of gross negligence or wilful misconduct, no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the undersigned on account of this agreement or on account of any representation, undertaking or agreement of the undersigned herein either expressed or implied, all such personal liability, if any, being expressly waived and released by you and by all persons claiming by, through or under you.

If the foregoing is in accordance with your understanding, please sign each of the enclosed counterparts of this agreement in the space provided and return one counterpart to us.

Very truly yours,

FIRST SECURITY STATE BANK, not
in an individual capacity but
solely as Trustee,

by

[SEAL]

Authorized Officer

Attest:

by

Authorized Officer

ACCEPTED:

FIRST SECURITY BANK OF UTAH, N.A.,
not in its individual capacity
but solely as Agent,

by

Authorized Officer

Attested:

by

Authorized Officer

[illegible]

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY STATE BANK, that the seal affixed to the foregoing instrument is the corporate seal of said Corporation and that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was a free act and deed of said Corporation.

[NOTARIAL SEAL]

Notary Public

My commission expires

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, N.A., that the seal affixed to the foregoing instrument is the corporate seal of said national banking association and that said instrument was signed and sealed on behalf of said national banking association by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was a free act and deed of said national banking association.

[NOTARIAL SEAL]

Notary Public

My commission expires

ANNEX I
TO
TRANSFER AGREEMENT

<u>Quantity*</u>	<u>Description</u>	<u>Rail- Road Prefix</u>	<u>Hulk* Railroad Numbers</u>
137	50-Ton Box Cars	L&N	97122 98019 109183 109449
			97123 98052 109189 109450
			97152 98104 109198 109453
			97153 98130 109207 109462
			97167 98150 109241 109463
			97168 98199 109242 109464
			97188 98324 109272 109467
			97257 98337 109281 109468
			97330 98351 109332 109469
			97341 98372 109334 109471
			97342 98412 109337 109472
			97372 98447 109344 109473
			97381 98467 109351 109474
			97383 98487 109354 109475
			97388 98489 109371 109477
			97465 98492 109374 109481
			97467 98599 109402 109484
			97501 98698 109404 109487
			97511 98845 109412 109489
			97551 98859 109413 109492
			97826 98894 109416 109493
			97846 98943 109417 109494
			97855 98954 109420 109496
			97858 98978 109422 109497
			97862 99529 109423 109498
			97868 109038 109424 109499
			97904 109048 109428
			97908 109070 109429
			97922 109094 109430
			97924 109104 109431
			97955 109110 109433
			97957 109114 109434
			97969 109124 109436
			97977 109135 109438
			97990 109147 109445
			97995 109151 109447
			98016 109171 109448

<u>Quantity*</u>	<u>Description</u>	<u>Rail- Road Prefix</u>	<u>Hulk*</u> <u>Railroad Numbers</u>
129	70-Ton Box Cars	L&N	99685 102625 103777
			100223 102642 103782
			100247 102736 103802
			100303 102757 103813
			100326 102762 103819
			100408 102766 103824
			100453 102878 103834
			100554 102958 103842
			100567 103001 103854
			100701 103005 103856
			100730 103009 103860
			102063 103010 103863
			102116 103012 103867
			102302 103013 103873
			102311 103014 103889
			102316 103019 103890
			102331 103020 103901
			102341 103021 103902
			102343 103024 103910
			102357 103033 103913
			102370 103037 103915
			102383 103040 103916
			102398 103041 103919
			102402 103043 103931
			102410 103045 103940
			102421 103047 103943
			102457 103128 103948
			102460 103129 103952
			102461 103143 103954
			102462 103164 103958
			102470 103222 103959
			102501 103260 103961
			102528 103261 103967
			102531 103279 103969
			102545 103316 103970
			102572 103338 103976
			102577 103393 103979
			102585 103422 103987
			102586 103472 103989
			102593 103540 103991
			102598 103764 104054
			102609 103766 104059
			102610 103773 104104

<u>Quantity*</u>	<u>Description</u>	<u>Rail- Road Prefix</u>	<u>Hulk* Railroad Numbers</u>		
39	100-Ton Box Cars	L&N	104530	104888	104977
			104652	104889	104981
			104730	104909	104993
			104732	104917	105033
			104743	104926	105037
			104746	104930	105041
			104760	104937	105048
			104765	104938	105049
			104771	104954	105487
			104783	104955	105495
			104789	104960	105520
			104802	104962	105615
			104814	104976	107588
75	70-Ton Open- Top Hoppers	L&N	153027	154083	155163
			153044	154096	155217
			153045	154234	155219
			153070	154262	155263
			153160	154270	155292
			153197	154296	155355
			153307	154304	155362
			153315	154448	155363
			153333	154492	155365
			153359	154545	155412
			153398	154561	155445
			153437	154591	155497
			153563	154636	155498
			153642	154640	155701
			153656	154685	155702
			153660	154699	155770
			153725	154718	155786
			153733	154756	155799
			153790	154759	155821
			153824	154847	155854
			153867	154880	155861
			153868	154886	155917
			153922	155114	155938
			153956	155115	156079
			154082	155127	156141
64	80-Ton Open- Top Hoppers	L&N	180003	180793	183334
			180049	180821	183352
			180186	180962	183396
			180241	182136	183873
			180284	182281	184252
			180339	182443	184366
			180384	182722	184589
			180445	182728	184688
			180637	183293	184731
			180640	183299	185163
			180704	183305	185393

<u>Quantity*</u>	<u>Description</u>	<u>Rail- Road Prefix</u>	<u>Hulk*</u> <u>Railroad Numbers</u>
64	80-Ton Open- Top Hoppers (Cont'd)	L&N	185781 187946 188792 186311 187995 188794 186322 187998 189004 186340 188148 189036 186769 188294 189046 186778 188498 189087 186966 188623 189203 187103 188683 189328 187341 188756 189341 187886 188782 189391 187919
21	100-Ton Open- Top Hoppers	L&N	191004 191401 191684 191008 191512 191739 191080 191535 191750 191162 191614 191765 191281 191623 191817 191320 191627 191884 191368 191661 191890
158	70-Ton Gon- dola Cars	L&N	36301 38933 39292 170034 36323 38955 39305 170044 36341 38959 39320 170069 36460 38961 39336 170116 36470 38973 39354 170136 36499 38976 39369 170152 36505 38977 39403 170175 36508 39010 39434 170189 36591 39053 39456 170305 36605 39077 39485 170318 36620 39080 39488 170400 36632 39100 39536 170402 36634 39101 39539 170481 36708 39115 39541 170502 36759 39129 39548 170570 36764 39130 39557 170574 36821 39131 39580 170577 36834 39137 39595 170602 36851 39158 39622 170644 36853 39162 39691 170649 36884 39166 39732 170656 36887 39179 39735 170662 36913 39225 39754 170666 36917 39228 39778 36920 39244 39780 36924 39251 39841 36962 39265 39885 36988 39272 39960 38909 39281 39964 38917 39284 170012 38929 39285 170013

<u>Quantity*</u>	<u>Description</u>	<u>Rail- Road Prefix</u>	<u>Hulk* Railroad Numbers</u>
158	70-Ton Gondola Cars (Cont'd)	L&N	170688 171075 171359 170691 171088 171409 170696 171109 171426 170700 171132 171497 170709 171179 171533 170779 171189 171602 170790 171194 171655 170835 171216 171712 170836 171228 171769 170842 171244 171932 170849 171266 171985 170866 171306 172061 170909 171311 173015 171063 171317 174129
12	100-Ton Gondola Cars	L&N	175061 176064 176622 175075 176159 176656 175086 176251 176757 176025 176290 176777
40	100-Ton Covered Hopper Cars	L&N	200065 200521 240775 200068 200596 240998 200109 200607 241015 200122 200622 241075 200181 240025 241106 200203 240081 241494 200204 240233 241530 200209 240234 241570 200252 240348 241720 200273 240516 241734 200435 240663 250060 200448 240665 250080 200470 240669 250127 200483
11	70-Ton Bulk-head Flat Cars	L&N	22607 22701 22742 22757 22626 22702 22744 23941 22641 22705 22755
9	100-Ton Bulk-head Flat Cars	L&N	22319 22324 22949 22320 22346 22967 22322 22366 22990
50	70-Ton Covered Hopper Cars to Ballast Cars	MON L&N	4343 4370 56001 4362 4376 56036 4365 4381 56073 37802 37907 37977 38028 37816 37933 37981 38034 37862 37953 37992 38046 37873 37970 37994 38058 37894 37973 38008 38085

<u>Quantity*</u>	<u>Description</u>	<u>Rail- Road Prefix</u>	<u>Hulk* Railroad Numbers</u>			
50	70-Ton Covered	L&N	38109	38411	38455	38479
	Hopper Cars to		38155	38423	38456	38490
	Ballast Cars		38258	38429	38457	38499
			38287	38431	38468	38515
			38298	38445	38474	
			38319	38448		
33	50-Ton Pulpwood	L&N	20505	20711	20832	20915
	to Welded		20519	20745	20834	20927
	Rail Cars		20543	20748	20837	20933
			20554	20755	20841	20975
			20579	20763	20842	20978
			20604	20784	20856	20979
			20642	20786	20865	
			20650	20799	20898	
			20653	20822	20913	

* Although this Annex I sets forth the description of 778 Hulks, the Transfer Agreement to which this Schedule is attached will cover only those Hulks that are delivered to the Buyer for reconstruction under the Reconstruction and Conditional Sale Agreement dated as of the date hereof, between First Security Bank of Utah, N.A., as Agent, L&N Investment Corporation and First Security State Bank, as trustee under a Trust Agreement dated as of the date hereof with Westinghouse Credit Corporation. Following completion of deliveries, this Annex I will be amended to delete from the description those Hulks not covered.

EXHIBIT B
to the
RECONSTRUCTION AND
CONDITIONAL SALE
AGREEMENT

[CS&M Ref: 2043-904]

LEASE OF RAILROAD EQUIPMENT

Dated as of April 2, 1979

Between

LOUISVILLE AND NASHVILLE RAILROAD COMPANY,

Lessee,

and

FIRST SECURITY STATE BANK,
not in its individual capacity but solely as Owner Trustee,
Lessor.

LEASE OF RAILROAD EQUIPMENT

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LEASE OF RAILROAD EQUIPMENT dated as of April 2, 1979, between LOUISVILLE AND NASHVILLE RAILROAD COMPANY (the "Lessee") and FIRST SECURITY STATE BANK, a Utah corporation, not in its individual capacity but solely as Trustee (the "Lessor" or the "Vendee") under a Trust Agreement dated as of the date hereof (the "Trust Agreement"), with WESTINGHOUSE CREDIT CORPORATION (the "Beneficiary").

FIRST SECURITY BANK OF UTAH, N.A., not in its individual capacity but solely as Agent under a Participation Agreement No. 1 dated as of the date hereof (the "Participation Agreement") with the Lessor, the Lessee, the Beneficiaries and the parties named in Schedule A thereto (said Agent, as so acting, being hereinafter, together with its successors and assigns, called the "Vendor"), L&N Investment Corporation (the "Builder") and the Vendee are entering into a Reconstruction and Conditional Sale Agreement dated as of the date hereof (the "Security Document"), wherein the Vendor has agreed to sell to the Vendee its interest in the railroad equipment described in Schedule A hereto after it has been reconstructed by the Builder.

The Lessee desires to lease all the units of said equipment, or such lesser number as are delivered, accepted and settled for under the Security Document on or prior to the Cut-Off Date (as defined in Article 3 of the Security Document) (such units being hereinafter called the "Units"), at the rentals and for the terms and upon the conditions hereinafter provided.

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Units to the Lessee upon the following terms and conditions, but subject to all the rights and remedies of the Vendor under the Security Document:

Section 1. Delivery and Acceptance of Units. The Lessor will cause each Unit to be tendered to the Lessee at the point or points within the United States of America

at which such Unit is delivered to the Lessor under the Security Document. Upon such tender, the Lessee will cause an authorized representative of the Lessee to inspect the same, and if such Unit is found to be in good order, to accept delivery of such Unit and execute and deliver to the Lessor and the Builder a certificate of acceptance and delivery (the "Certificate of Delivery"), whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease.

Section 2. Rental. Each Unit subject to this Lease shall be deemed to belong to the category specified in respect of such Unit in Schedule A hereto (each such category being hereinafter called a "Category"). The Lessee agrees to pay to the Lessor as rental for each Unit subject to this Lease 2 interim and 20 consecutive semiannual payments. The interim payments are payable on February 20, 1980, and the Cut-Off Date (as defined in the Participation Agreement) or as promptly thereafter as practicable. The semiannual payments are payable on February 20 and August 20 in each year, commencing August 20, 1980, to and including February 20, 1990. The interim payment on February 20, 1980, shall be in an amount equal to the sum of (i) the product of the Purchase Price (as such term is defined in the Security Document) for each Unit subject to the Lease multiplied by .0288194% for each day elapsed from and including the date such Unit is settled for under the Security Document to but not including February 20, 1980, plus (ii) an amount equal to the amount required by the Lessor to make the payment on February 20, 1980, provided for in clause (b) of the penultimate paragraph of Paragraph 9 of the Participation Agreement. The interim payment payable on the Cut-Off Date (or as promptly thereafter as practicable) shall be in an amount equal to the amount payable by the Owner Trustee to the Agent pursuant to clause (a) of the penultimate paragraph of Paragraph 9 of the Participation Agreement. The semiannual rental payments with respect to each Unit then subject to this Lease shall each be in an amount equal to the percentage, as set forth in Schedule C hereto in respect of the Category to which such Unit belongs, of the Purchase Price of each such Unit. The foregoing rental rates have been calculated on the assumption that 73.92% of the aggregate Purchase Price of all the Units have been provided by the Vendor out of Investors' Funds (as such term is defined in Paragraph 6 of the Participation Agreement) at the completion of settlement for such Units under the Security Document. If (i) for any reason the Investors'

Funds are not available and the Lessor will have paid more than 26.08% of the aggregate Purchase Price of all the Units pursuant to the third paragraph of Article 3 of the Security Document at the completion of settlement for such Units under the Security Document, (ii) the Reconstruction Cost (as defined in the Security Document) of all units of each Category settled for under the Security Document is other than that percentage of the Purchase Price of such Units of such Category as set forth below:

<u>Category of Units</u>	<u>Percentage of Purchase Price</u>
10	76.89
11	73.36
12	73.76
13	75.54
14	75.68

or (iii) any Unit is delivered and accepted under the Security Document after December 31, 1979, the Lessor and the Lessee agree that the rentals payable hereunder and the Casualty Value percentages set forth in each Schedule B hereto will be appropriately adjusted in order that the Beneficiaries' after-tax return on and rate of recovery of investment and the annual net cash flows (computed on the same assumptions, including, without limitation, tax rates, as were utilized by the Beneficiaries in originally evaluating this transaction) will not be increased or decreased by reason thereof; provided, however, that the rentals and Casualty Value percentages, as so adjusted, shall be sufficient to satisfy the obligations of the Lessor under the Security Document, notwithstanding any limitation of liability contained therein.

If any of the rental payment dates referred to above is not a business day the rental payment otherwise payable on such date shall be payable on the next succeeding business day. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in New York, New York, or Salt Lake City, Utah, are authorized or obligated to remain closed.

The Lessor irrevocably instructs the Lessee to make, and the Lessee agrees to make, all the payments provided for in this Lease for the account of the Lessor or its assigns, in care of the Vendor at P. O. Box 30007, Salt Lake City, Utah 84125, Attention of Trust Division, Corporate

Trust Department, not later than 10:00 a.m., Salt Lake City time, on the date upon which such payments are due and payable. Such payments shall be accompanied by instructions to the Vendor, first, to apply such payments to satisfy the obligations of the Lessor under the Security Document, subject to the limitations contained in the last paragraph of Article 3 of the Security Document, and, second, so long as no event of default or event which with the lapse of time and/or demand provided for in the Security Document could constitute an event of default under the Security Document shall have occurred and be continuing, to pay any balance promptly to the Lessor at such place as the Lessor shall specify in writing. The Lessee agrees to make each payment provided for herein as contemplated by this paragraph in New York or Salt Lake City Clearing House funds by 10:00 a.m., local time, in the city where such payment is to be made.

This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, counterclaims, abatements, reductions or setoffs due or alleged to be due to, or by reason of, any past, present or future claims of the Lessee against the Lessor under this Lease or under the Security Document, or the Builder or the Vendor or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or failure of title of the Lessor to any of the Units or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against Lessee's use of all or any of the Units, the taking or requisitioning of any of the Units by condemnation or otherwise, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency, bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives

any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

Section 3. Term of Lease. The term of this Lease as to each Unit shall begin on the date of the delivery to and acceptance by the Lessee of such Unit and, subject to the provisions of Sections 6, 9 and 12 hereof, shall terminate on the date on which the final payment of rent in respect thereof is due hereunder.

Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights of the Vendor under the Security Document. If an event of default should occur under the Security Document, the Vendor may terminate this Lease (or rescind its termination), all as provided therein.

Section 4. Identification Marks. The Lessee, so long as this Lease shall remain in effect, will cause each Unit to be kept numbered with the road number set forth in Schedule A hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of such Unit, the legend required by Article 8 of the Security Document or other appropriate markings designated by the Vendor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect Lessor's and Vendor's title to and property in such Unit and the rights of the Lessor under this Lease and of the Vendor under the Security Document. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such legend shall have been so marked on both sides thereof and will replace promptly any such legend which may be removed, obliterated, defaced or destroyed. The Lessee will not change the road number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Vendor and the Lessor and filed, recorded and deposited by the Lessee in all public offices where this Lease and the Security Document shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Vendor and the Lessor an opinion of counsel to that effect and to the further effect

that such filing, recordation and deposit will protect the Vendor's and the Lessor's interests in such Units and that no filing, recording, depositing or giving of notice with or to any other Federal, state or local government or agency thereof is necessary to protect the interests of the Vendor and the Lessor in such Units.

Except as above provided, the Lessee, so long as this Lease shall remain in effect, will not allow the name of any person, association or corporation to be placed on the Units as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Units to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates on railroad equipment used by them of the same or a similar type for convenience of identification of their rights to use the Units as permitted under this Lease.

Section 5. Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor and the Beneficiary for collection or other charges and will be free of expense to the Lessor and the Beneficiary with respect to the amount of any local, state, Federal or foreign taxes (other than any United States Federal income tax and, to the extent that the Lessor or any Beneficiary receives credit therefor against its United States Federal income tax liability, any foreign income tax payable by said party in consequence of the receipt of payments provided herein and other than the aggregate of all state and city income taxes and franchise taxes measured by net income based on such receipts or gross receipts taxes other than gross receipts taxes in the nature of sales or use taxes, up to the amount of any such taxes which would be payable to the state and city in which the Lessor and the Beneficiary, respectively, has its principal place of business without apportionment to any other state or city, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided), assessments, documentary stamp taxes, or license fees and any charges, fines or penalties in connection therewith (hereinafter called impositions) now or hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or the Security Document, all of which impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all impositions which may be imposed

upon any Unit or for the use or operation thereof or upon the earnings arising therefrom or upon the Lessor solely by reason of its ownership thereof or on the Beneficiary solely by reason of its interest therein and will keep at all times all and every part of such Unit free and clear of all impositions which might in any way affect the title of the Lessor or the interest of the Beneficiary or result in a lien upon any such Unit; provided, however, that the Lessee shall be under no obligation to pay any impositions so long as it is contesting in good faith and by appropriate legal proceedings such impositions and the nonpayment thereof does not, in the advance opinion of the Lessor and/or the Beneficiary, adversely affect the title, property or rights of the Lessor or the interest of the Beneficiary hereunder or the Vendor under the Security Document. If any impositions shall have been charged or levied against the Lessor or the Beneficiary directly and paid by the Lessor or the Beneficiary, the Lessee shall reimburse such party on presentation of an invoice therefor.

In the event that the Lessor or the Beneficiary shall become obligated to make any payment to the Vendor pursuant to Article 5 of the Security Document not covered by the foregoing paragraph of this Section 5, the Lessee shall pay such additional amounts (which shall also be deemed impositions hereunder) to the Lessor and/or the Beneficiary as will enable the Lessor and/or the Beneficiary to fulfill completely its obligations pursuant to said Article 5.

In the event any reports with regard to impositions are required to be made on the basis of individual Units or otherwise, the Lessee will, where permitted to do so under applicable rules or regulations, make and timely file such reports in such manner as to show the interest of the Lessor and the Vendor in the Units as shall be satisfactory to the Lessor and the Vendor or, where not so permitted, will notify the Lessor and the Vendor of such requirement and will prepare and deliver such reports to the Lessor and the Vendor within a reasonable time prior to the time such reports are to be filed in such manner as shall be satisfactory to the Lessor and the Vendor.

In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any impositions, pursuant to this Section 5, such liability shall continue, notwithstanding the expiration of this Lease, until all such impositions are paid or reimbursed by the Lessee.

To the extent the Lessee may be prohibited by law from performing in its own name the duties required by this Section 5, the Lessor and the Beneficiary hereby authorize the Lessee to act in the Lessor's and/or the Beneficiary's own name and on the Lessor's and/or the Beneficiary's behalf; provided, however, that the Lessee shall indemnify and hold the Lessor and the Beneficiary harmless from and against any and all claims, costs, expenses, damages, losses and liabilities incurred in connection therewith as a result of, or incident to, any action by the Lessee pursuant to his authorization.

The Lessee shall, whenever reasonably requested by the Lessor or the Beneficiary, submit to the Lessor or the Beneficiary copies of returns, statements, reports, billings and remittances, or furnish other evidence satisfactory to the Lessor or the Beneficiary of the Lessee's performance of its duties under this Section 5. The Lessee shall also furnish promptly upon request such data as the Lessor or the Beneficiary reasonably may require to permit the Lessor's or the Beneficiary's compliance with the requirements of taxing jurisdictions.

It is the intention of the parties hereto that (i) the Lessee will treat the Units covered by this Lease as part of the mass of property used by the Lessee in its operations as a common carrier and for ad valorem tax purposes will report the same to the various states and localities where it is required to do so and will pay the requisite tax thereon, and (ii) neither the Owner Trustee nor the Beneficiary will be required so to report any such property or to pay any ad valorem taxes with respect thereto.

Section 6. Maintenance; Payment for Casualty Occurrences; Insurance. The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit which is subject to this Lease in good operating order, repair and condition.

In the event that any Unit shall be or become worn out, lost, stolen, destroyed or, in the opinion of the Lessee, irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise by the United States Government for a stated period which shall exceed the then remaining term of this Lease or for an indefinite period, but only when such indefinite period shall exceed the term of this Lease or by any other governmental entity resulting in loss of possession by the Lessee

for a period of 90 consecutive days or until the end of the term of this Lease (each such occurrence being hereinafter called a "Casualty Occurrence") prior to the return of such Unit in the manner set forth in Section 14 hereof, the Lessee shall, within thirty days after it shall have determined that such Unit has suffered a Casualty Occurrence, fully notify the Lessor and the Vendor in writing with respect thereto. Notwithstanding any such Casualty Occurrence, the Lessee shall continue making all payments provided for in this Lease in respect of such Unit until the rental payment date next succeeding such notice listed in Table 1 of that Schedule B hereto corresponding to the Category of such Unit. On such rental payment date the Lessee shall pay to the Lessor an amount equal to the rental payment or payments in respect of such Unit due and payable on such date plus an amount equal to the Casualty Value (as hereinafter defined) of such Unit as of the date of such payment in accordance with that Schedule B hereto corresponding to the Category of such Unit. Upon the making of all such payments by the Lessee in respect of any Unit, the rental for such Unit shall thereafter cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit. The Lessor hereby appoints the Lessee its agent, to dispose of any Unit suffering a Casualty Occurrence or any component thereof, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor.

The Casualty Value of each Unit as of the payment date on which payment is to be made as aforesaid shall be an amount equal to the sum of (a) that percentage of the Purchase Price of such Unit as is set forth in Table 1 of that Schedule B hereto corresponding to the Category of such Unit opposite such date with respect to such Unit plus (b) if applicable to such Unit, that percentage of the Reconstruction Cost thereof as set forth in Table 2 of said Schedule B with respect to such Unit; provided, however, that the Casualty Value percentages set forth in each Schedule B hereto apply only to Units delivered and accepted under the Security Document on or prior to December 31, 1979. With respect to any Unit delivered and accepted after December 31,

1979, the Lessor and the Lessee agree that the Casualty Value percentages set forth in the appropriate Schedule B hereto will be appropriately adjusted in order that the Beneficiaries' after-tax return on and rate of recovery of investment and the annual net cash flows (computed on the same assumptions, including, without limitation, tax rates, as were utilized by the Beneficiaries in originally evaluating this transaction) will not be increased or decreased by reason thereof; provided, however, that the Casualty Value percentages, as so adjusted, shall be sufficient to satisfy the obligations of the Lessor under the Security Document, notwithstanding any limitation of liability contained therein.

Whenever any Unit shall suffer a Casualty Occurrence at the end of the term of this Lease or after termination of this Lease and before such Unit shall have been returned in the manner provided in Section 13 hereof, the Lessee shall promptly and fully notify the Lessor with respect thereto and pay to the Lessor an amount equal to the Casualty Value of such Unit, which shall be an amount equal to the percentage of the Purchase Price of such Unit set forth opposite the last payment date in that Schedule B hereto corresponding to the Category of such Unit. Upon the making of any such payment by the Lessee in respect of any Unit (except in the case of the loss, theft or complete destruction of such Unit), the Lessor shall be entitled to recover possession of such Unit. The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering such Casualty Occurrence or any component thereof, at the best price obtainable on an "as is, where is" basis, and the Lessee accepts such appointment and agrees to use its best efforts to dispose of any such unit in such manner. Provided that the Lessee has previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor.

Except as hereinabove in this Section 6 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the responsibility for and risk of, any Casualty Occurrence to any Unit after delivery to and acceptance thereof by the Lessee hereunder.

The Lessee will, at all times prior to the return of the Equipment to the Lessor, at its own expense, cause to be carried and maintained property insurance in respect

of the Units at the time subject hereto, and public liability insurance, in amounts and against risks customarily insured against by the Lessee in respect of similar equipment owned by it, and the benefits thereof shall be payable to the Vendor, the Lessor and the Lessee, as their interests may appear, so long as the indebtedness, if any, evidenced by the Security Document shall not have been paid in full, and thereafter to the Lessor and the Lessee as their interests may appear. If the Lessor shall receive any insurance proceeds from insurance maintained by the Lessee pursuant hereto or condemnation payments in respect of a Unit suffering a Casualty Occurrence, the Lessor shall, subject to the Lessee having made payment of the Casualty Value in respect of such Unit, pay such proceeds or condemnation payments to the Lessee up to an amount equal to the Casualty Value with respect to a Unit paid by the Lessee and any balance of such proceeds or condemnation payments shall remain the property of the Lessor. All insurance proceeds received by the Lessor in respect of any Unit not suffering a Casualty Occurrence shall be paid to the Lessee upon proof satisfactory to the Lessor that any damage to such Unit in respect of which such proceeds were paid has been fully repaired.

Section 7. Annual Reports. On or before March 31 in each year, commencing with the calendar year 1980, the Lessee will cause to be furnished to the Lessor, the Vendor and the Beneficiary, an accurate statement, as of the preceding December 31, showing the amount, description and numbers of the Units (a) then leased hereunder and/or covered by the Security Document, (b) that have suffered a Casualty Occurrence during the preceding 12 months (or since the date of this Lease in the case of the first such statement) and (c) then undergoing repairs (other than running repairs) or then withdrawn from use pending such repairs and setting forth such other information regarding the condition and state of repair of the Units as the Lessor or the Vendor may reasonably request, and stating that, in the case of all Units repainted or repaired during the period covered by such statement, the markings required by Section 4 hereof and by Article 8 of the Security Document shall have been preserved or replaced. Each of the Lessor and the Vendor shall have the right at its sole cost, risk and expense, by its authorized representatives, to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor or the Vendor, as the case may be, may request during the continuance of this Lease.

Section 8. Disclaimer of Warranties; Compliance with Laws and Rules; Indemnification. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, EITHER UPON DELIVERY THEREOF TO THE LESSEE, OR OTHERWISE, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against the Builder under the provisions of Article 12 of the Security Document; provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation, or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Delivery shall be conclusive evidence as between the Lessee and the Lessor that all Units described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Lessor and the Vendor, to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all applicable laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American

Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units, and in the event that, prior to the expiration of this Lease or any renewal thereof, such laws or rules require any alteration, replacement, addition or modification of or to any part of any Unit, the Lessee will conform therewith at its own expense; provided, however, that the Lessee may at its own expense, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor or the Vendor, adversely affect the property or rights of the Lessor or the Vendor, respectively, under this Lease or under the Security Document. The Lessee, at its own cost and expense, may furnish additions, modifications and improvements to the Units during the term of this Lease provided that such additions, modifications and improvements are readily removable without causing material damage to the Units. The additions, modifications and improvements made by the Lessee under the first sentence of this paragraph shall be owned by the Lessor, and the additions, modifications and improvements made by the Lessee under the second sentence of this paragraph shall be owned by the Lessee. Upon or prior to the return of any Unit by the Lessee to the Lessor pursuant to Section 10 or 13 hereof, the Lessee agrees that it will, at its expense, remove any additions, modifications and improvements made by the Lessee pursuant to the second sentence of this paragraph without causing material damage to such Unit. In the event the Lessee shall make any alteration, replacement, addition or modification to any Unit pursuant to the first sentence of this paragraph (the "Alterations"), the Lessor agrees that it will include the cost thereof in its gross income for Federal income tax purposes. The Lessee agrees that, within 30 days after the close of any calendar year (or in the event the Lessor gives the Lessee written notice that the Beneficiary's taxable year closes on a date specified therein other than December 31, within 30 days after said date) in which the Lessee has made Alterations, the Lessee will give written notice thereof to the Lessor describing, in reasonable detail, the Alterations and specifying the cost thereof with respect to each Unit.

The Lessee agrees to indemnify, protect and hold harmless the Lessor, the Beneficiary and the Vendor (in

each case in their individual and fiduciary capacities) from and against all losses, damages, injuries, liabilities (including without limitation strict or absolute liabilities), claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, reasonable counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as a result of (i) the entering into or the performance of the Security Document, the Participation Agreement, the Hulk Purchase Agreement or this Lease, or any of the instruments or agreements referred to therein or herein or contemplated thereby or hereby, (ii) the ownership of any Hulk or any Unit, (iii) the ordering, acquisition, use, operation, condition, reconstruction, purchase, delivery, rejection, storage or return of any Hulk or any Unit, (iv) any accident in connection with the operation, use, condition, reconstruction, possession, storage or return of any Hulk or any Unit resulting in damage to property or injury or death to any person, except as otherwise provided in Section 13 of this Lease or (v) the transfer of title to the Equipment by the Vendor pursuant to any provision of the Security Document. The indemnities arising under this paragraph shall continue in full force and effect notwithstanding the delivery of the Equipment or the full payment and performance of all obligations under this Lease and the Hulk Purchase Agreement or the expiration or termination of the term of this Lease and/or the Hulk Purchase Agreement. Nothing in this Section 8 shall constitute a guarantee by the Lessee of the CSA Indebtedness of the Lessor under the Security Document (and as defined therein) or a guarantee of the residual value of any Unit.

The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than income tax returns) to be filed by the Lessor with any Federal, state or other regulatory authority by reason of the ownership by the Lessor or the Vendor of the Units or the leasing thereof to the Lessee.

Section 9. Default. If, during the continuance of this Lease, one or more of the following events (each such event being herein sometimes called an "Event of Default") shall occur:

A. default shall be made in the payment of any amount provided for in Sections 2, 6 or 12 hereof and

such default shall continue for 10 days;

B. the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or any interest therein, or of the right to possession of the Units, or any thereof;

C. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein or in the Participation Agreement and such default shall continue for 30 days after written notice from the Lessor or the Vendor to the Lessee specifying the default and demanding that the same be remedied;

D. a petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may hereafter be amended or under any other provision of Title 11 of the United States Code, as now constituted or as hereafter amended, shall be filed by or against the Lessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under the Security Document and this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed in such proceedings (whether or not subject to ratification) in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier or by the trustee in such proceedings in accordance with the provisions of 11 U.S.C. § 1168, or any successor provision as the same may hereafter be amended; or

E. any proceedings shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee under this Lease, the Participation Agreement or the Consent under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Les-

see hereunder, under the Participation Agreement or under the Consent), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease, under the Participation Agreement or under the Consent, as the case may be, shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier;

then, in any such case, the Lessor, at its option, may:

(a) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess, sell, operate, lease to others and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever and without any duty to account to the Lessee for such action or inaction or for any proceeds arising therefrom; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period

by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion, shall specify:

(x) a sum, with respect to each Unit, equal to the excess of the present value, at the time of such termination, of the entire unpaid balance of all rental for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit, if such Unit is in Category 10, or to the end of the Extended Term (as defined in Section 12 hereof) as to such Unit, if such Unit is in any other Category, over the then present value of the rental which the Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 4.10% per annum discount, compounded semi-annually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated; or (y) an amount equal to the excess, if any, of the Casualty Value as of the rental payment date on or next preceding the date of termination over the amount the Lessor reasonably estimates to be the sales value of such Unit at such time; provided, however, that in the event the Lessor shall have sold any Unit, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clauses (x) and (y) of this part (b) with respect to such Unit, may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall pay to the Lessor on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Unit, as of the rental payment date on or next preceding the date of termination over the net proceeds of such sale.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder and agrees to make rental payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

Section 10. Return of Units upon Default. If this Lease shall terminate pursuant to Section 9 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Unit or Units have been interchanged to return the Unit or Units so interchanged) place such Units upon such storage tracks of the Lessee as the Lessor reasonably may designate;

(b) permit the Lessor to store such Units on such tracks at the risk of the Lessee for a period not exceeding 270 days without charge for insurance, rent or storage until such Units have been sold, leased or otherwise disposed of by the Lessor; and

(c) transport the same to any place on the lines of railroad operated by it or any of its affiliates or

to any connecting carrier for shipment, all as directed by the Lessor.

Each unit returned to the Lessor pursuant to this Section 10 shall comply with the requirements set forth in the penultimate sentence of the first paragraph of Section 13 hereof. The assembling, delivery, storage and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will, at its own cost and expense, maintain and keep the Equipment in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same.

All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after such termination, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which the per diem interchange rate for such Unit for each such day exceeds the actual earnings received by the Lessor on such Unit for each such day plus the amount of any interest payable by the Lessor for any day during such period which is due under the Security Document because of the Lessor's failure to pay principal or interest thereunder on the due date thereof.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 10, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney-in-fact of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whosoever shall be in possession of such Unit at the time.

Section 11. Assignment; Possession and Use. This Lease shall be assignable in whole or in part by the Lessor

without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. The Lessee hereby acknowledges notice of the assignment in respect of this Lease set forth in the Assignment of Lease and Agreement dated as of the date hereof, between the Lessor and the Vendor (a copy of which has been delivered to the Lessee), and agrees to make payments to the Vendor as provided therein. The rights of the Lessor hereunder (including, but not limited to, the rights under Sections 5, 6, 8 and 9 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of the Vendor as assignee thereunder in the manner and to the extent therein provided. In the event that, pursuant to such assignment and the rights of the Vendor thereunder and under the Security Document, the Vendor shall at any time cause this Lease to be terminated, the Lessee agrees that following the payment in full by the Vendee of the entire unpaid CSA Indebtedness together with interest thereon, the Vendee may enforce compliance by the Lessee with its covenants and agreements under this Lease.

So long as the Lessee shall not be in default under this Lease and no event of default exists under the Security Document, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease but, without the prior written consent of the Lessor and the Vendor, the Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them. The Lessee, at its own expense, will promptly pay or discharge or cause to be paid and duly discharged any and all sums claimed by any party which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance created by the Lessor or the Vendor after the date hereof or resulting from claims against the Lessor or the Vendor not related to the ownership of the Units), upon or with respect to any Unit or the interest of the Lessor, the Vendor or the Lessee therein, and will promptly discharge any such lien, charge, security interest or other encumbrance which arises. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of the next paragraph hereof.

Subject to the terms of this Lease, the Lessee shall be entitled to the possession of the Units and to the use

thereof by it or any affiliate upon lines of railroad owned or operated by it or any such affiliate or upon the lines of railroad over which the Lessee or any such affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such affiliate is regularly operated pursuant to contract, and also to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic and equipment, but only upon and subject to all the terms and conditions of this Lease, including the last paragraph of this Section 11, and the Security Document. The Lessee may receive and retain compensation for such use from other railroads so using any of the Units.

Nothing in this Section 11 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the railroad properties of the Lessee as an entirety or substantially as an entirety, provided that such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition, be in default under any provision of this Lease.

The Lessee agrees that during the term of this Lease, it will not assign any Unit to service involving the regular operation and maintenance thereof outside the United States of America.

Section 12. Extended Term; Renewal Option; Right of First Refusal. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may elect, by written notice delivered to the Lessor not less than six months prior to the end of the then current term of this Lease, to extend the term of this Lease in respect of all, but not less than all, the Units of Categories 11, 12, 13 and 14 (the "Extended Term Units") then covered by this Lease for one additional term commencing on the scheduled expiration of the original term for an extended term (the "Extended Term") in respect of the Units of Categories 11, 12, 13 and 14 as follows:

<u>Category of Units</u>	<u>Extended Term (Years)</u>
11	1
12	2
13	3
14	4

All terms and conditions of this Lease including, without limitation, the amount of rental with respect to the applicable Category and the semiannual payment dates, shall continue in force during such Extended Term.

In the event the Lessee has not given written notice on or before the date occurring six months prior to the scheduled expiration of the original term of this Lease to extend this Lease for the Extended Term (such event being hereinafter called a "Failure to Extend"), the Lessor shall use its best efforts to obtain bids for the purchase of the Extended Term Units. The Lessor shall certify to the Lessee in writing the amount of each bid received by the Lessor. The Lessee shall have the right, but shall be under no duty, to solicit bids for the sale of the Extended Term Units. Upon the expiration of the original term of this Lease, the Lessor shall sell the Extended Term Units without recourse or warranty, for cash, to whosoever shall have submitted the highest bid prior to such date, and thereupon the Lessee shall deliver the Units so sold to the purchaser in the condition specified in this Lease. The total sale price realized at any such sale shall be retained by the Lessor and, in addition, the Lessee shall pay to the Lessor the excess, if any, of (i) the Nonrenewal Payment for each such Unit (as such amount is specified in Schedule C hereof), over (ii) the sale price for such Units less any expenses incurred by the Lessor in connection with such sale.

Notwithstanding the foregoing, in the event of a Failure to Extend, upon satisfaction and discharge of all the Lessor's obligations under the RSCA in respect of the Extended Term Units, the Lessor may elect at any time prior to the expiration of the original term of this Lease not to sell the Extended Term Units and the Lessee shall deliver the Units to the Lessor at the expiration of the original term of this Lease in accordance with the terms of this Lease. In such event the Lessor shall arrange for the appraisal of the fair market value of the Extended Term Units by an independent appraiser who is mutually acceptable to the Lessor, the Lessee and the Vendor. The Lessee shall pay to the Lessor the excess, if any, of (i) the Nonrenewal Payment for such Units, over (ii) the appraised fair market value of such Units less the costs of appraisal.

Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may elect, by written notice delivered to the Lessor not less than six months prior to the scheduled expiration of (i) the original term of this Lease (in respect of the Units of Category 10) or the relevant Extended Term (in respect of the Extended Term Units), or (ii) the first fair market rental extended term hereof, to extend the terms of this Lease in respect of all, but not fewer than all, the Units of Category 10 or the Extended Term Units, as the case may be, covered by this Lease for an additional one-year period commencing on the scheduled expiration of (i) the original term of this Lease (in respect of the Units of Category 10) or the relevant Extended Term (in respect of the Extended Term Units), or (ii) the first fair market rental extended term of this Lease; provided, however, that the Lessee may not so elect to extend the term of this Lease for more than two such additional one-year periods, at a rental payable in semiannual payments, in an amount equal to the "Fair Market Rental" of such Units as of the commencement of such extended term, such semiannual payments to be made on February 20 and August 20 in each year of the applicable extended term. Fair Market Rental shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing lessee (other than (i) a lessee currently in possession or (ii) a used equipment dealer) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such value and in all cases Units shall be appraised as if the Lessee had maintained the same in accordance with Section 6 hereof.

If, after 50 days from the giving of notice by the Lessee of the Lessee's election to extend the term of this Lease pursuant to clause (c) of the preceding paragraph, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental of the Units, such rental shall be determined in accordance with the foregoing definition by the following procedure: If either party to such determination shall have given written notice to the other requesting determination of such value by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 20 days after such notice is given, each party shall appoint an independent appraiser within 25 days after such notice is given, and the two appraisers so appointed shall within 35

days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within 35 days after such notice is given, either party may apply, to make such appointment, to the American Arbitration Association, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Rental of the Units subject to the proposed extended term within 60 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of Fair Market Rental of the single appraiser appointed shall be final. If three appraisers shall be appointed, the determination of the appraiser which differs most from the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such latter average shall be final and binding upon the parties hereto as the Fair Market Rental. The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining Fair Market Rental and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby consents and agrees not to assert any judicial or other procedures. The expenses of the appraisal procedure shall be borne by the Lessee.

The Lessor agrees that (provided no default hereunder shall have occurred and be continuing) it will not, during the term of this Lease, including any renewals thereof, and for 180 days thereafter, sell any Unit or Units unless the Lessor shall have given the Lessee at least 30 business days' prior written notice of such sale, specifying the sale price and terms of such sale. During said 30 days, the Lessee shall have the opportunity to purchase such Unit or Units at the same price and on the same terms as specified in such notice.

Section 13. Return of Units upon Expiration of Term. As soon as practicable on or after the expiration of the original or any extended term of this Lease with respect to any Unit but in any event not later than 90 days after such expiration, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Unit to the Lessor upon such storage tracks of the Lessee or any of its affiliates as the Lessor may designate or, in the absence of such designation, as the Lessee may select and permit

the Lessor to store such Unit on such tracks for a period not exceeding three months and transport the same, at any time within such three-month period, to any connecting carrier for shipment, all as directed by the Lessor, the movement and storage of such Unit to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of any Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. Each Unit returned to the Lessor pursuant to this Section 13 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear excepted, (ii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable, and/or the applicable rules of any governmental agency or other organization with jurisdiction and (iii) have removed therefrom by the Lessee without cost or expense to the Lessor all additions, modifications and improvements which the Lessee owns pursuant to the second sentence of the second paragraph of Section 8 hereof. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units.

All amounts earned in respect of the Units after the end of the term of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after the end of the term of this Lease, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which the per diem interchange rate for such Unit for each such day exceeds the actual earnings received by the Lessor on such Unit for each such day.

Section 14. Severability. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction, shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without

invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 15. Recording; Expenses. The Lessee, at its own expense, will cause this Lease, the Security Document and any assignment hereof or thereof to be filed and recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. § 11303. The Lessee will undertake the filing, recording and depositing and refiling, rerecording and redepositing required of the Lessor under the Security Document and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record and deposit (and will refile, reregister, rerecord or redeposit whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Vendor for the purpose of proper protection, to their satisfaction, of the Vendor's and the Lessor's respective interests in the Units, or for the purpose of carrying out the intention of this Lease or the assignment hereof to the Vendor, or the Security Document; and the Lessee will promptly furnish to the Vendor and the Lessor evidences of all such filing, registering, recording or depositing, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Vendor and the Lessor. This Lease and the Security Document shall be filed and recorded with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any unit.

Section 16. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations when due hereunder shall result in the obligation on the part of the Lessee promptly to pay also an amount equal to 11-3/8% per annum of the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

Section 17. Notices. Any instruction or notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when delivered to it or deposited in the United States mails, first-class postage prepaid, addressed as follows:

if to the Lessor, at 79 South Main Street, Salt Lake City, Utah 84111, Attention of Trust Division, Corporate Trust Department, with a copy to each Beneficiary,

if to the Lessee, (i) if delivered by hand, at 908 West Broadway, Louisville, Kentucky 40201 and (ii) if mailed, at P. O. Box 32290, Louisville, Kentucky 40232,

if to the Vendor, at 79 South Main Street, Salt Lake City, Utah 84111, Attention of Trust Division, Corporate Trust Department,

if to the Beneficiary, at Three Gateway Center, Pittsburgh, Pennsylvania 15222, Attention of Manager of Lease Operations,

or addressed to any such party at such other address as such party shall hereafter furnish to the other party in writing. Copies of each such notice shall be given to the Vendor as hereinabove provided.

Section 18. Effect and Modification of Lease.

Except for the Participation Agreement and the Indemnity Agreements dated as of the date hereof between the Lessee and the Beneficiary, this Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Lessor and the Lessee.

Section 19. Execution. This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Lessor shall be deemed to be the original counterpart. It shall not be necessary that any counterpart be signed by both parties so long as each party shall sign at least one counterpart. This Lease shall be valid, binding and effective at such time as the Vendor shall have received (or as to which the Vendor shall have received attested telegraphic communication confirming execution of) counterparts executed by the Lessor and the Lessee. Although this Lease is dated as of the date first set forth above for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

Section 20. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be

governed by the laws of the Commonwealth of Kentucky; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

Section 21. Immunities; No Recourse. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, covenants, undertakings and agreements by the Lessor in its individual capacity, or for the purpose or with the intention of binding the Lessor personally, but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Lease is executed and delivered by the Lessor solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and except in the case of gross negligence or wilful misconduct, no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the Lessor on account of any representation, covenant, undertaking or agreement herein of the Lessor, either express or implied, all such personal liability, if any, being expressly waived and released by the Lessee.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused this instrument to be executed in their respective corporate names by duly authorized officers, and their respective corporate seals to be hereunto affixed and duly attested, all as of the date first above written.

FIRST SECURITY STATE BANK, not in its individual capacity but solely as Owner Trustee,

by

[Corporate Seal]

Authorized Officer

Attest:

Authorized Officer

LOUISVILLE AND NASHVILLE RAILROAD
COMPANY,

by

[Corporate Seal]

Assistant Vice President

Attest:

Assistant Secretary

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY STATE BANK, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission expires

COMMONWEALTH OF KENTUCKY,)
COUNTY OF JEFFERSON,)

: ss.:
:

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is Assistant Vice President of LOUISVILLE AND NASHVILLE RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that such instrument was this day signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission expires

SCHEDULE A

<u>Quantity*</u>	<u>AAR Mechanical Designation</u>	<u>Description</u>	<u>L&N* Railroad Road Numbers (Inclusive)</u>	<u>Category</u>	<u>Builder's Specification Number</u>
93	XL	50-Ton Box Cars	96396-96488	10	L&N 79-1
50	LO	70-Ton Covered Hopper Cars to Ballast Cars	45151-45200	10	L&N 79-6
33	LP	50-Ton Pulpwood to Welded Rail Cars	42901-42933	10	L&N 79-7
158	GB	70-Ton Gondola Cars	27406-27445 27766-27779 28573-28600 29042-29051 29500-29565	11	L&N 79-3
9	GB	100-Ton Gondola Cars	27665-27673	11	L&N 79-3
3	GBS	100-Ton Gondola Cars	27980-27982	11	L&N 79-3
11	FB	70-Ton Bulkhead Flat Cars	990603-990609 990834, 991006-991008	12	L&N 79-5
9	FB	100-Ton Bulkhead Flat Cars	990311-990316 990402-990403 990502	12	L&N 79-5
105	XL	70-Ton Box Cars	112417-112521	13	L&N 79-1

<u>Quantity*</u>	<u>AAR Mechanical Designation</u>	<u>Description</u>	<u>L&N* Railroad Road Numbers (Inclusive)</u>	<u>Category</u>	<u>Builder's Specification Number</u>
20	XM	70-Ton Box Cars	112821-112840	13	L&N 79-1
4	XP	70-Ton Box Cars	99686, 104452-104454	13	L&N 79-1
75	HT	70-Ton Open-Top Hoppers	76450-76524	13	L&N 79-2
36	XM	50-Ton Box Cars	110252-110287	14	L&N 79-1
8	XL	50-Ton Box Cars	111879-111886	14	L&N 79-1
34	XL	100-Ton Box Cars	114035-114068	14	L&N 79-1
5	XP	100-Ton Box Cars	113962, 104450-104451 114300-114301	14	L&N 79-1
64	HT	80-Ton Open-Top Hoppers	189494-189557	14	L&N 79-2
21	HT	100-Ton Open-Top Hoppers	192090-192110	14	L&N 79-2

<u>Quantity*</u>	<u>AAR Mechanical Designation</u>	<u>Description</u>	<u>L&N* Railroad Road Numbers (Inclusive)</u>	<u>Category</u>	<u>Builder's Specification Number</u>
40	LO	100-Ton Covered Hopper Cars	205180-205215 205998 250517-250519	14	L&N 79-4

* Although this Schedule A sets forth the description of 778 Units, the Lease to which this Schedule is attached will cover only those Units which are delivered and accepted under the Reconstruction and Conditional Sale Agreement dated as of the date hereof, among First Security Bank of Utah, N.A., as Agent, L&N Investment Corporation and First Security State Bank, as trustee under a Trust Agreement dated as of the date hereof with Westinghouse Credit Corporation. Following completion of deliveries, this Schedule A will be amended to delete from the description those Units not covered.

SCHEDULE B-1

Casualty Value Percentages Schedule
in Respect of Units of Category 10

Table 1

<u>Rental No.</u>	<u>Rental Payment Date</u>	<u>Percentage of Purchase Price for each Unit</u>
Interim	2/20/80	89.0204
1	8/20/80	87.9710
2	2/20/81	86.0512
3	8/20/81	84.0374
4	2/20/82	81.9184
5	8/20/82	79.5989
6	2/20/83	77.0526
7	8/20/83	74.3032
8	2/20/84	71.3280
9	8/20/84	68.1594
10	2/20/85	64.7801
11	8/20/85	61.2147
12	2/20/86	57.4512
13	8/20/86	53.5085
14	2/20/87	49.3797
15	8/20/87	45.0821
16	2/20/88	40.6144
17	8/20/88	35.9900
18	2/20/89	31.2137
19	8/20/89	26.2952
20	2/20/90, and thereafter	20.0000

Table 2

The percentages set forth in Table 1 of this Schedule B-1 have been computed without regard to recapture of the Investment Credit (as defined in the Indemnity Agreements dated as of the date hereof, between the Lessee and each Beneficiary). Consequently, the Casualty Value of any Unit suffering a Casualty Occurrence on or before the third, fifth or seventh anniversary of the date of delivery and acceptance of such Unit shall be increased by the applicable percentage

of the Reconstruction Cost set forth below:

<u>Anniversary of Delivery and Acceptance</u>	<u>Percentage of Reconstruction Cost</u>
Third	19.2308
Fifth	12.8206
Seventh	6.4103

SCHEDULE B-2

Casualty Value Percentages Schedule
in Respect of Units of Category 11

Table 1

<u>Rental No.</u>	<u>Rental Payment Date</u>	<u>Percentage of Purchase Price for each Unit</u>
Interim	2/20/80	89.8217
1	8/20/80	89.1653
2	2/20/81	87.6540
3	8/20/81	86.0464
4	2/20/82	84.3276
5	8/20/82	82.4132
6	2/20/83	80.2743
7	8/20/83	77.9385
8	2/20/84	75.3804
9	8/20/84	72.6350
10	2/20/85	69.6827
11	8/20/85	66.5501
12	2/20/86	63.2226
13	8/20/86	59.7210
14	2/20/87	56.0356
15	8/20/87	52.1859
16	2/20/88	48.1674
17	8/20/88	43.9964
18	2/20/89	39.6740
19	8/20/89	35.2128
20	2/20/90	30.6202
21	8/20/90	25.9051
22	2/20/91, and thereafter	20.0000

Table 2

The percentages set forth in Table 1 of this Schedule B-2 have been computed without regard to recapture of the Investment Credit (as defined in the Indemnity Agreements dated as of the date hereof, between the Lessee and each Beneficiary). Consequently, the Casualty Value of any Unit suffering a Casualty Occurrence on or before the third, fifth or seventh anniversary of the date of delivery and acceptance of such Unit shall be increased by the applicable percentage

of the Reconstruction Cost set forth below:

<u>Anniversary of Delivery and Acceptance</u>	<u>Percentage of Reconstruction Cost</u>
Third	19.2308
Fifth	12.8206
Seventh	6.4103

SCHEDULE B-3

Casualty Value Percentages Schedule
in Respect of Units of Category 12

Table 1

<u>Rental No.</u>	<u>Rental Payment Date</u>	<u>Percentage of Purchase Price for each Unit</u>
Interim	2/20/80	90.5351
1	8/20/80	90.2807
2	2/20/81	89.1364
3	8/20/81	87.8991
4	2/20/82	86.5513
5	8/20/82	85.0083
6	2/20/83	83.2372
7	8/20/83	81.2702
8	2/20/84	79.0785
9	8/20/84	76.7012
10	2/20/85	74.1154
11	8/20/85	71.3514
12	2/20/86	68.3916
13	8/20/86	65.2606
14	2/20/87	61.9455
15	8/20/87	58.4698
16	2/20/88	54.8262
17	8/20/88	51.0347
18	2/20/89	47.0940
19	8/20/89	43.0206
20	2/20/90	38.8192
21	8/20/90	34.5031
22	2/20/91	30.0835
23	8/20/91	25.5702
24	2/20/92, and thereafter	20.0000

Table 2

The percentages set forth in Table 1 of this Schedule B-3 have been computed without regard to recapture of the Investment Credit (as defined in the Indemnity Agreements dated as of the date hereof, between the Lessee and each Beneficiary). Consequently, the Casualty Value of any Unit suffering a Casualty Occurrence on or before the third, fifth or seventh anniversary of the date of delivery and acceptance of such Unit shall be increased by the applicable percentage

of the Reconstruction Cost set forth below:

<u>Anniversary of Delivery and Acceptance</u>	<u>Percentage of Reconstruction Cost</u>
Third	19.2308
Fifth	12.8206
Seventh	6.4103

SCHEDULE B-4

Casualty Value Percentages Schedule
in Respect of Units of Category 13

Table 1

<u>Rental No.</u>	<u>Rental Payment Date</u>	<u>Percentage of Purchase Price for each Unit</u>
Interim	2/20/80	90.8723
1	8/20/80	91.0664
2	2/20/81	90.2797
3	8/20/81	89.4059
4	2/20/82	88.4247
5	8/20/82	87.2427
6	2/20/83	85.8213
7	8/20/83	84.1988
8	2/20/84	82.3411
9	8/20/84	80.2936
10	2/20/85	78.0288
11	8/20/85	75.5829
12	2/20/86	72.9340
13	8/20/86	70.1123
14	2/20/87	67.1014
15	8/20/87	63.9302
16	2/20/88	60.5886
17	8/20/88	57.1020
18	2/20/89	53.4667
19	8/20/89	49.7048
20	2/20/90	45.8195
21	8/20/90	41.8293
22	2/20/91	37.7450
23	8/20/91	33.5816
24	2/20/92	29.3579
25	8/20/92	25.1202
26	2/20/93, and thereafter.	20.0000

Table 2

The percentages set forth in Table 1 of this Schedule B-4 have been computed without regard to recapture of the Investment Credit (as defined in the Indemnity Agreements dated as of the date hereof, between the Lessee and each

Beneficiary). Consequently, the Casualty Value of any Unit suffering a Casualty Occurrence on or before the third, fifth or seventh anniversary of the date of delivery and acceptance of such Unit shall be increased by the applicable percentage of the Reconstruction Cost set forth below:

<u>Anniversary of Delivery and Acceptance</u>	<u>Percentage of Reconstruction Cost</u>
Third	19.2308
Fifth	12.8206
Seventh	6.4103

SCHEDULE B-5

Casualty Value Percentages Schedule
in Respect of Units of Category 14

Table 1

<u>Rental No.</u>	<u>Rental Payment Date</u>	<u>Percentage of Purchase Price for each Unit</u>
Interim	2/20/80	91.3731
1	8/20/80	91.9518
2	2/20/81	91.4619
3	8/20/81	90.8864
4	2/20/82	90.2013
5	8/20/82	89.3067
6	2/20/83	88.1578
7	8/20/83	86.7988
8	2/20/84	85.1895
9	8/20/84	83.3814
10	2/20/85	81.3416
11	8/20/85	79.1116
12	2/20/86	76.7059
13	8/20/86	74.1694
14	2/20/87	71.5014
15	8/20/87	68.6949
16	2/20/88	65.7429
17	8/20/88	62.6377
18	2/20/89	59.3714
19	8/20/89	55.9357
20	2/20/90	52.3218
21	8/20/90	48.5454
22	2/20/91	44.6568
23	8/20/91	40.6910
24	2/20/92	34.6659
25	8/20/92	32.6357
26	2/20/93	28.6362
27	8/20/93	24.6788
28	2/20/94, and thereafter	20.0000

Table 2

The percentages set forth in Table 1 of this Schedule B-5 have been computed without regard to recapture of the

Investment Credit (as defined in the Indemnity Agreements dated as of the date hereof, between the Lessee and each Beneficiary). Consequently, the Casualty Value of any Unit suffering a Casualty Occurrence on or before the third, fifth or seventh anniversary of the date of delivery and acceptance of such Unit shall be increased by the applicable percentage of the Reconstruction Cost set forth below:

<u>Anniversary of Delivery and Acceptance</u>	<u>Percentage of Reconstruction Cost</u>
Third	19.2308
Fifth	12.8206
Seventh	6.4103

SCHEDULE C

<u>Category of Units</u>	<u>Semiannual rental factor (as percentage of Purchase Price)</u>	<u>Nonrenewal Payment factor* (as percentage of Purchase Price)</u>
10	6.2076	--
11	5.8915	21.3313 30.6222
12	5.6439	39.4915 38.8192
13	5.4183	46.6581 45.8195
14	5.2615	53.1186 52.3218

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* The Nonrenewal Payment for any Unit is equal to the Non-renewal Payment factor multiplied by the Purchase Price of such Unit.

EXHIBIT C
to the
RECONSTRUCTION
AND CONDITIONAL
SALE AGREEMENT

[CS&M Ref: 2043-904]

ASSIGNMENT OF LEASE AND AGREEMENT

Dated as of April 2, 1979

between

FIRST SECURITY STATE BANK,
not in its individual capacity but solely as Owner Trustee

and

FIRST SECURITY BANK OF UTAH, N.A.,
not in its individual capacity but solely
as Agent

ASSIGNMENT OF LEASE AND AGREEMENT

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ASSIGNMENT OF LEASE AND AGREEMENT dated as of April 2, 1979, by and between FIRST SECURITY STATE BANK, not in its individual capacity but solely as Trustee under a Trust Agreement dated as of the date hereof (the "Lessor" or the "Vendee") with WESTINGHOUSE CREDIT CORPORATION (the "Beneficiary") and FIRST SECURITY BANK OF UTAH, N.A., not in its individual capacity but solely as Agent (the "Vendor"), under a Participation Agreement No. 2 dated as of the date hereof.

The Vendee and the Vendor are entering into a Reconstruction and Conditional Sale Agreement dated as of the date hereof (the "Security Document"), with L&N Investment Corporation providing for the sale to the Vendee of the interest of the Vendor in such units of railroad equipment (the "Units") described in Schedule A thereto as are delivered to and accepted by the Vendee thereunder.

The Lessor and Louisville and Nashville Railroad Company (the "Lessee") have entered into a Lease of Railroad Equipment dated as of the date hereof (hereinafter called the "Lease"), providing for the leasing by the Lessor to the Lessee of the Units.

In order to provide security for the obligations of the Lessor under the Security Document and as an inducement to the Vendor to invest in the CSA Indebtedness (as that term is defined in the Security Document), the Lessor has agreed to assign for security purposes its rights in, to and under the Lease to the Vendor.

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. The Lessor hereby assigns, transfers and sets over unto the Vendor, as collateral security for the payment and performance of the obligations of the Lessor as Vendee under the Security Document, all the Lessor's right, title and interest, powers, privileges, and other benefits under the Lease, including, without limitation, the immediate right to receive and collect all rentals, profits and other sums

payable to or receivable from the Lessee by the Lessor and, pursuant to Section 5 or 8 of the Lease, by any Beneficiary, under or pursuant to the provisions of the Lease whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called the "Payments"), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Lessor is or may become entitled to do under the Lease; provided, however, that the term Payments, as used herein shall not be deemed to include, at any time before an Event of Default under the Lease shall have occurred and be continuing, payments by the Lessee to any Beneficiary pursuant to Section 5 or 8 of the Lease. In furtherance of the foregoing assignment, the Lessor hereby irrevocably authorizes and empowers the Vendor in its own name, or in the name of its nominee, or in the name of the Lessor or as its attorney, to ask, demand, sue for, collect and receive any and all sums to which the Lessor is or may become entitled under the Lease, and to enforce compliance by the Lessee with all the terms and provisions thereof.

The Vendor agrees to accept any Payments made by the Lessee for the account of the Lessor pursuant to Section 2 of the Lease. To the extent received, the Vendor will apply such Payments to satisfy the obligations of the Lessor under the Security Document, and to provide for the payments required to be made by the Lessor to the Vendor pursuant to the last paragraph of Paragraph 9 of the Participation Agreement under which the Vendor is acting as Agent, and so long as no event of default (or event which, with notice or lapse of time, or both, could constitute an event of default) under the Security Document shall have occurred and be continuing, any balance shall be paid promptly to the Lessor not later than the first business day following such receipt at such place as the Lessor shall specify in writing. If the Vendor shall not receive any rental payment under the first paragraph of Section 2 of the Lease when due, the Vendor shall notify the Lessor at the address set forth in the Lease; provided, however, that the failure of the Vendor to so notify the Lessor shall not affect the obligations of the Lessor hereunder or under the Security Document.

2. This Assignment is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Vendor to, or transfer, or pass,

or in any way affect or modify the liability of the Lessor under the Lease, it being understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Lessor to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Lessor or persons other than the Vendor.

3. To protect the security afforded by this Assignment the Lessor agrees that, without the written consent of the Vendor, the Lessor will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease and the Lessor agrees that any amendment, modification or termination thereof without such consent shall be void; provided, however, that the Lessor may amend or supplement the Lease to provide for an increase or decrease of amounts due as rentals under Section 2 thereof and/or Casualty Values under Section 6 thereof provided that no such decrease shall reduce said amounts below that which are necessary to satisfy the obligations of the Lessor under the Security Document, notwithstanding any limitation of liability of the Lessor contained therein.

4. The Lessor does hereby constitute the Vendor the Lessor's true and lawful attorney, irrevocably, with full power (in the name of the Lessor, or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all Payments due and to become due under or arising out of the Lease to which the Lessor is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which the Vendor may deem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all the Lessor's obligations under the Security Document and the Participation Agreement, this Assignment and all rights herein assigned to the Vendor shall terminate, and all estate, right, title and interest of the Vendor in and to the Lease shall revert to the Lessor.

6. If an event of default under the Security Document shall occur and be continuing, the Vendor may declare all sums secured hereby immediately due and payable and may apply all such sums against the amounts due and payable under the Security Document.

7. The Lessor will, from time to time, do and perform any other act and will execute, acknowledge, deliver and file, register, deposit and record (and will refile, reregister, rerecord or redeposit whenever required) any and all further instruments required by law or reasonably requested by the Vendor in order to confirm or further assure, the interests of the Vendor hereunder.

8. The Vendor may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Vendor hereunder.

9. The Lessor will pay and discharge any and all claims, liens, charges or security interests (other than created by the Security Document) on the Lease or the rentals or other payments due or to become due thereunder claimed by any party from, through or under the Lessor, or its successors and assigns (other than the Vendor), not arising out of the transactions contemplated by the Security Document or the Lease (but including tax liens arising out of the receipt of the income and proceeds from the Units) which, if unpaid, might become a claim, lien, charge or security interest on or with respect to the Lease or such rentals or other payments equal or superior to the Vendor's interest therein, unless the Lessor shall be contesting the same in good faith by appropriate proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect such interests of the Vendor.

10. This Assignment shall be governed by the laws of the State of Utah, but the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

11. The Lessor shall cause copies of all notices received in connection with the Lease and all payments hereunder to be promptly delivered or made to the Vendor at its

address set forth in Article 20 of the Security Document, or at such other address as the Vendor shall designate.

12. The Vendor hereby agrees with the Lessor that the Vendor will not, so long as no Event of Default under the Lease or event of default under the Security Document has occurred and is continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits which are assigned and transferred by the Lessor to the Vendor by this Assignment, except the right to receive and apply the Payments as provided in Paragraph 1 hereof, and that, subject to the terms of the Lease and the Security Document, the Lessor may, so long as no event of default under the Security Document or Event of Default under the Lease has occurred and is continuing, exercise or enforce, or seek to exercise or enforce or avail itself of, such rights, powers, privileges, authorizations or benefits.

13. Notwithstanding any other provision of this Assignment (including, but not limited to, any provision of the first paragraph of Paragraph 1 and Paragraph 3 hereof), (a) the terms of this Assignment shall not impose any obligations on the Lessor in addition to the obligations of the Lessor under the Lease or under the Security Document or in any way limit the effect of the last paragraph of Article 3 of the Security Document, Article 21 of the Security Document or Section 22 of the Lease, (b) so long as there is no event of default under the Security Document, and to the extent that the Vendor does not seek to receive and collect any Payments under the Lease in excess of the amounts required to discharge the obligations of the Lessor under the Security Document, the terms of this Assignment shall not limit or in any way affect the Lessor's right to receive and collect any Payments under the Lease in excess of the obligations of the Lessor under the Security Document, or empower the Vendor in any way to waive or release the Lessee's obligation to pay such excess amounts, and the Lessor shall continue to be empowered to ask, demand, sue for, collect and receive any and all of such excess amounts, but shall not take any action under subparagraph (b) of Section 9 of the Lease without the written consent of the Vendor and (c) each and all of the representations, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, undertakings and agreements by the Lessor in its individual capacity or for the purpose or with the intention of binding the Lessor

personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Assignment is executed and delivered by the Lessor solely in the exercise of the powers expressly conferred upon the Lessor as trustee under the Trust Agreement, and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the Lessor, except for wilful misconduct or gross negligence, or against the Beneficiary under the Trust Agreement or on account of any representation, undertaking or agreement herein of the Lessor, either expressed or implied, all such personal liability, if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor; provided, however, that the Vendor or any person claiming by, through or under it, making claim hereunder, may look to said Trust Estate for satisfaction of the same.

14. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument. It shall not be necessary that any counterpart be signed by both parties so long as each party shall sign at least one counterpart. This Assignment shall be valid, binding and effective at such time as the Vendor shall have executed a counterpart and received (or as to which the Vendor shall have received attested telegraphic communication confirming execution of) a counterpart executed by the Lessor.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective corporate names by officers thereunto duly authorized, and their respective corporate seals to be affixed and duly attested, all as of the date first above written.

FIRST SECURITY STATE BANK,
not in its individual capacity
but solely as Trustee,

[Corporate Seal]

by

Attest:

Authorized Officer

Authorized Officer

FIRST SECURITY BANK OF UTAH, N.A.,
not in its individual capacity
but solely as Agent,

by

Authorized Officer

[Corporate Seal]

Attest:

Authorized Officer

[illegible]

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY STATE BANK, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission expires

[illegible]

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, N.A., that one of the seals affixed to the foregoing instrument is the seal of said national banking association, that said instrument was signed and sealed on behalf of said national banking association by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national banking association.

Notary Public

[Notarial Seal]

My Commission expires

LESSEE'S CONSENT AND AGREEMENT

The undersigned, LOUISVILLE AND NASHVILLE RAILROAD COMPANY, a corporation duly incorporated under the laws of the Commonwealth of Kentucky, the Lessee (the "Lessee") named in the Lease (the "Lease") referred to in the foregoing Assignment of Lease and Agreement (the "Assignment"), hereby (a) acknowledges receipt of a copy of the Assignment and (b) consents to all the terms and conditions of the Assignment and agrees that:

(1) it will pay all rentals, casualty payments, liquidated damages, indemnities (except as otherwise provided in the proviso in the first paragraph of Paragraph 1 of the Assignment) and other moneys provided for in the Lease directly to First Security Bank of Utah, N.A., not in its individual capacity but solely as Agent (the "Vendor"), the assignee named in the Assignment, at P.O. Box 30007, Salt Lake City, Utah 84125, Attention of Trust Division, Corporate Trust Department (or at such other address as may be furnished in writing to the undersigned by the Vendor);

(2) the Vendor shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the undersigned under the Lease as though the Vendor were named therein as the Lessor;

(3) the Vendor shall not, by virtue of the Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease or otherwise; and

(4) the Lease shall not, without the prior written consent of the Vendor, be amended, terminated or modified, nor shall any action be taken or omitted by the undersigned, the taking or omission of which might result in an alteration or impairment of the Lease or this Consent and Agreement or of any of the rights created by any thereof.

This Consent and Agreement may be executed in several counterparts, each of which when so executed shall be deemed an original, and such counterparts together shall constitute one and the same instrument. It shall not be necessary that any counterpart be signed by both the Lessee and

the Vendor so long as the Lessee and Vendor each shall sign at least one counterpart. This Consent and Agreement shall be valid, binding and effective at such time as the Vendor shall have executed a counterpart and shall have received (or as to which the Vendor shall have received attested telegraphic communication confirming execution of) a counterpart executed by the Lessee.

This Consent and Agreement, when executed as aforesaid by the Lessee and when accepted as aforesaid by the Vendor, shall be deemed to be a contract under the laws of the Commonwealth of Kentucky and, for all purposes, shall be construed in accordance with the laws of said State.

Dated as of April 2, 1979

LOUISVILLE AND NASHVILLE
RAILROAD COMPANY,

by

[Corporate Seal]

Assistant Vice President

Attest:

Assistant Secretary

The foregoing Consent and Agreement is hereby accepted, as of the 2nd day of April 1979.

FIRST SECURITY BANK OF UTAH, N.A.,
not in its individual capacity
but solely as Agent,

by

[Corporate Seal]

Authorized Officer

Attest:

Authorized Officer

COMMONWEALTH OF KENTUCKY,)
) ss.:
COUNTY OF JEFFERSON,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is Assistant Vice President of LOUISVILLE AND NASHVILLE RAILROAD COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notary Seal]

My Commission expires

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, N.A., that one of the seals affixed to the foregoing instrument is the corporate seal of said national banking association, that said instrument was signed and sealed on behalf of said national banking association by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national banking association.

Notary Public

[Notary Seal]

My Commission expires

EXHIBIT D TO THE
RECONSTRUCTION AND
CONDITIONAL SALE AGREEMENT

HULK PURCHASE AGREEMENT

Louisville and Nashville Railroad Company

First Security State Bank
79 South Main Street
Salt Lake City, Utah 84111
Attention of Trust Division,
Corporate Trust Department

As of April 2, 1979

Gentlemen:

Louisville and Nashville Railroad Company, a corporation organized under the laws of Kentucky (the "Seller"), owns the railroad equipment described in Exhibit A hereto (collectively the "Hulks" and individually a "Hulk"). The Seller desires to sell the Hulks and First Security State Bank (the "Buyer"), acting not in its individual capacity but solely as trustee for trustors under a Trust Agreement dated as of the date hereof, desires to purchase the Hulks for the Purchase Price set forth in Exhibit A (the "Purchase Price").

The Seller will, from time to time, prior to delivery thereof to the Builder for reconstruction, as provided in the Reconstruction and Conditional Sale Agreement (the "RCSA") dated as of the date hereof among the Buyer, First Security Bank of Utah, N.A., not in its individual capacity but solely as agent (the "Agent") under a Participation Agreement No. 1 (the "Participation Agreement") dated as of the date hereof, and L&N Investment Corporation (the "Builder"), deliver to the Buyer a Bill or Bills of Sale transferring title to a group of Hulks and warranting that at the date of such Bill or Bills of Sale the Seller had legal title to such Hulks and good and lawful right to sell the same and that title to such Hulks transferred to the Buyer by such Bill or Bills of Sale was free of all claims, liens, security interests, security titles and other encumbrances of any nature whatsoever except for the encumbrances expressly set forth in the Hulk Encumbrance

Certificate (as hereinafter provided) and a Hulk Encumbrance Certificate dated as of the date of such Bill or Bills of Sale. On or after the date of such Bill or Bills of Sale, the Seller will deliver the Hulks in such group to an authorized representative of the Buyer at such point or points within the United States of America as shall be specified by the Seller. The sale and delivery of the Hulks pursuant to this Agreement shall commence as soon as practicable and shall be completed on or before such date as shall permit the completion of reconstruction of each Hulk by February 12, 1980.

Notwithstanding anything to the contrary contained herein, the Buyer shall have no obligation to accept any Hulk, or to pay the Purchase Price therefor, which is delivered hereunder after (i) any event of default as defined in Article 14 of the RCSA or any event (including the commencement of any proceeding or the filing of any petition of the nature specified in subparagraphs (c) and (d) of Article 14 thereof) which, with lapse of time, failure to take affirmative action and/or demand, could constitute an event of default thereunder shall have occurred, (ii) the Buyer shall have delivered written notice to the Seller that any of the conditions contained in Paragraph 7 of the Participation Agreement have not been met or waived, or (iii) the sum of (a) the difference between (1) the aggregate Purchase Price for all Hulks theretofore delivered and accepted hereunder plus the aggregate Reconstruction Cost therefor under the RCSA and (2) the aggregate amount of funds theretofore disbursed by the Agent from amounts constituting Available Investor Funds (as defined in the eighth paragraph of Article 3 of the RCSA) in payment of a portion of such aggregate Purchase Price and Reconstruction Cost pursuant to the RCSA and (b) the Purchase Price of the next Hulk to be delivered hereunder plus the Reconstruction Cost thereof under the RCSA would exceed the sum of (x) \$1,345,000 and (y) the amount of Available Investor Funds then on deposit with the Agent under the Participation Agreement and held for disbursement to the Seller and the Builder on a Closing Date pursuant to the eighth paragraph of Article 3 of the RCSA.

The Buyer at the times hereafter specified will pay to the Seller the Purchase Price of each Hulk in each group subject to all the terms and conditions of this Agreement, including without limitation the receipt by the Buyer of

(a) the Bill or Bills of Sale with respect thereto specified in the second and fifth paragraphs hereof, (b) a Certificate or Certificates of Acceptance signed by the Buyer's authorized representative stating that the Hulks in such group have been delivered to and accepted on behalf of the Buyer, (c) a written opinion of counsel for the Seller dated the date of such Bill or Bills of Sale, addressed to the Buyer and stating that such Bill or Bills of Sale are valid and effective to transfer the Lessee's title to such hulks to the Buyer, and (d) the Hulk Encumbrance Certificate with respect thereto specified in the fifth paragraph hereof.

The Hulk Encumbrance Certificate with respect to each group of the Hulks shall be dated as of the date of the Bill or Bills of Sale for such group of Hulks and shall expressly set forth, as of such date, the information specified in the penultimate sentence of subparagraph (f) of Paragraph 3 of the Participation Agreement. Each such Bill of Sale shall contain the following information with respect to each type of Hulk included in the group of Hulks covered thereby: quantity, description, the Seller's identifying numbers and place of delivery. Subject only to the conditions set forth in the second, third and fourth paragraphs hereof and in Paragraph 7 of the Participation Agreement, the Buyer will pay the Purchase Price of each Hulk delivered and accepted as aforesaid to the Seller either on (i) the Closing Date relating to such Hulk fixed as provided in the RCSA or (ii) February 20, 1980, whichever is earlier.

The Buyer may assign and/or transfer any or all of its rights under this Agreement and/or any or all of its rights to possession of any of the Hulks. Any such assignment or transfer may be made by the Buyer without the assignee or transferee assuming any of the obligations of the Buyer hereunder. The Buyer and the Seller acknowledge that such assignment or transfer is contemplated. All of the rights of the Buyer hereunder shall inure to the benefit of the Buyer's assigns.

Notwithstanding the delivery of any Bill or Bills of Sale hereunder, the Seller agrees that all responsibility with respect to any Hulk covered by such Bill or Bills of Sale, its use and operation and risk of loss thereof, shall remain with the Seller until such Hulk is delivered to and accepted by the authorized representative of the Buyer, as

provided above, and the Seller agrees to indemnify and hold the Buyer harmless from any claim made against the Buyer by reason of the transfer of title to the Hulks prior to such delivery and acceptance or with respect to the validity of such title, free from all claims, liens, security interests, security title or encumbrances of any nature other than those of the Buyer at the time of such delivery and acceptance. Upon such delivery and acceptance, all responsibility and risk of loss with respect to such Hulk shall pass to the Buyer.

In the event that any Hulk is not so delivered to the Buyer after the date of any Bill or Bills of Sale with respect thereto, the Buyer will assign to the Seller, without warranty of any kind, whatever right, title and interest the Buyer may then have in such Hulk and such Hulk shall thereafter be excluded from the provisions of this Agreement.

The Seller hereby represents and warrants to the Buyer, its successors and assigns, that (i) this Agreement was duly authorized by it and lawfully executed and delivered for a valid consideration, the performance of this Agreement will not conflict with any provision of law or with its Charter or By-laws or of any agreement binding upon it and (assuming valid authorization, execution and delivery by the Buyer) this Agreement is, insofar as it is concerned, a valid and existing agreement binding upon it in accordance with its terms as they are now in force; and (ii) no approval is required from any regulatory body with respect to the entering into or performance by it of this Agreement.

The Seller hereby covenants and agrees with the Buyer that not later than the date of payment for any Hulk, the Seller will discharge in full all obligations securing encumbrances with respect thereto (which encumbrances, if any, are set forth in the Hulk Encumbrance Certificate). Without limitation as to any other rights or actions which the Buyer may enforce against the Seller due to a breach by the Seller of its obligation set forth in the preceding sentence, in the event any such obligation has not been satisfied prior to payment for any Hulk by the Buyer, the Seller hereby agrees that the Buyer may, in lieu of making payments for any Hulks then to be made to the Seller hereunder, pay all or any portion of such payments to one or more holders of obligations secured by such encumbrances to the extent necessary to satisfy such obligations in

full and to remove such encumbrances.

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the undertakings and agreements herein made on the part of the Buyer, are made and intended not as personal undertakings and agreements by it in its individual capacity for the purpose or with the intention of binding the Buyer personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement hereinabove referred to, and this Agreement is executed and accepted by the Buyer not in its own right but solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said Buyer or the trustors hereinabove referred to on account of this Agreement or on account of any representation, undertaking or agreement herein of the Buyer, either express or implied, all such personal liability, if any, being expressly waived and released by the Seller and by all persons claiming by, through or under the Seller; provided, however, that the Seller or any person claiming by, through or under any of it, making claim hereunder, may look to said Trust Estate for satisfaction of the same.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. It shall not be necessary that any counterpart be signed by both parties so long as each party shall sign at least one counterpart. This Agreement shall be valid, binding and effective at such time as the Agent shall have received (or as to which the Agent shall have received attested telegraphic communication confirming execution of) counterparts executed by the Buyer and Seller.

If the foregoing arrangement concerning sale of the Hulks is satisfactory to the Buyer, please confirm by signing each of the enclosed counterparts of this letter, returning one to the Seller, delivering one to the Agent and giving the tele-

graphic confirmation of execution to the Agent as aforesaid.

Very truly yours,

LOUISVILLE AND NASHVILLE
RAILROAD COMPANY,

by

Asst. Vice President

Accepted as of the date first
set forth above.

FIRST SECURITY STATE BANK, acting
not in its individual capacity
but solely as Trustee,

by

Authorized Officer

COMMONWEALTH OF KENTUCKY,)
) ss.:
 COUNTY OF JEFFERSON,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Assistant Vice President of LOUISVILLE AND NASHVILLE RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

[Notarial Seal]

My Commission expires

STATE OF UTAH,)
) ss.:
 COUNTY OF SALT LAKE,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY STATE BANK, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

[Notarial Seal]

My Commission expires

EXHIBIT A

TO

HULK PURCHASE AGREEMENT

Quantity*	Description	Hulk				Hulk		
		Rail-Road Prefix	Railroad Numbers*			Purchase Price	Total Purchase Price	
137	50-Ton Box Cars	L&N	97122	97990	109114	109430	\$4,500	\$616,500
			97123	97995	109124	109431		
			97152	98016	109135	109433		
			97153	98019	109147	109434		
			97167	98052	109151	109436		
			97168	98104	109171	109438		
			97188	98130	109183	109445		
			97257	98150	109189	109447		
			97330	98199	109198	109448		
			97341	98324	109207	109449		
			97342	98337	109241	109450		
			97372	98351	109242	109453		
			97381	98372	109272	109462		
			97383	98412	109281	109463		
			97388	98447	109332	109464		
			97465	98467	109334	109467		
			97467	98487	109337	109468		
			97501	98489	109344	109469		
			97511	98492	109351	109471		
			97551	98599	109354	109472		
			97826	98698	109371	109473		
			97846	98845	109374	109474		
			97855	98859	109402	109475		
			97858	98894	109404	109477		
			97862	98943	109412	109481		
			97868	98954	109413	109484		
			97904	98978	109416	109487		
			97908	99529	109417	109489		
			97922	109038	109420	109492		
			97924	109048	109422	109493		
			97955	109070	109423	109494		
			97957	109094	109424	109496		
			97969	109104	109428	109497		
			97977	109110	109429	109498		
						109499		

<u>Quantity*</u>	<u>Description</u>	<u>Hulk</u>				<u>Hulk</u>	
		<u>Rail- Road Prefix</u>	<u>Railroad Numbers*</u>			<u>Purchase Price</u>	<u>Total Purchase Price</u>
129	70-Ton Box Cars	L&N	99685	102625	103777	\$4,500	\$580,500
			100223	102642	103782		
			100247	102736	103802		
			100303	102757	103813		
			100326	102762	103819		
			100408	102766	103824		
			100453	102878	103834		
			100554	102958	103842		
			100567	103001	103854		
			100701	103005	103856		
			100730	103009	103860		
			102063	103010	103863		
			102116	103012	103867		
			102302	103013	103873		
			102311	103014	103889		
			102316	103019	103890		
			102331	103020	103901		
			102341	103021	103902		
			102343	103024	103910		
			102357	103033	103913		
			102370	103037	103915		
			102383	103040	103916		
			102398	103041	103919		
			102402	103043	103931		
			102410	103045	103940		
			102421	103047	103943		
			102457	103128	103948		
			102460	103129	103952		
			102461	103143	103954		
			102462	103164	103958		
			102470	103222	103959		
			102501	103260	103961		
			102528	103261	103967		
			102531	103279	103969		
			102545	103316	103970		
			102572	103338	103976		
			102577	103393	103979		
			102585	103422	103987		
			102586	103472	103989		
			102593	103540	103991		
			102598	103764	104054		
			102609	103766	104059		
			102610	103773	104104		

<u>Quantity*</u>	<u>Description</u>	<u>Rail- Road Prefix</u>	<u>Hulk</u>			<u>Hulk</u>	
			<u>Railroad Numbers*</u>			<u>Purchase Price</u>	<u>Total Purchase Price</u>
39	100-Ton Box Cars	L&N	104530	104888	104977	\$4,500	\$175,500
			104652	104889	104981		
			104730	104909	104993		
			104732	104917	105033		
			104743	104926	105037		
			104746	104930	105041		
			104760	104937	105048		
			104765	104938	105049		
			104771	104954	105487		
			104783	104955	105495		
			104789	104960	105520		
			104802	104962	105615		
			104814	104976	107588		
75	70-Ton Open- Top Hoppers	L&N	153027	154083	155163	4,500	337,500
			153044	154096	155217		
			153045	154234	155219		
			153070	154262	155263		
			153160	154270	155292		
			153197	154296	155355		
			153307	154304	155362		
			153315	154448	155363		
			153333	154492	155365		
			153359	154545	155412		
			153398	154561	155445		
			153437	154591	155497		
			153563	154636	155498		
			153642	154640	155701		
			153656	154685	155702		
			153660	154699	155770		
			153725	154718	155786		
			153733	154756	155799		
			153790	154759	155821		
			153824	154847	155854		
			153867	154880	155861		
			153868	154886	155917		
			153922	155114	155938		
			153956	155115	156079		
			154082	155127	156141		

<u>Quantity*</u>	<u>Description</u>	<u>Hulk</u>			<u>Hulk</u>		
		<u>Rail- Road Prefix</u>	<u>Railroad Numbers*</u>		<u>Purchase Price</u>	<u>Total Purchase Price</u>	
64	80-Ton Open- Top Hoppers	L&N	180003	185393	\$4,500	\$288,000	
			180049	185781			
			180186	186311			
			180241	186322			
			180284	186340			
			180339	186769			
			180384	186778			
			180445	186966			
			180637	187103			
			180640	187341			
			180704	187886			
			180793	187919			
			180821	187946			
			180962	187995			
			182137	187998			
			182281	188148			
			182443	188294			
			182722	188498			
			182728	188623			
			183293	188683			
			183299	188756			
			183305	188782			
			183334	188792			
			183352	188794			
			183396	189004			
			183873	189036			
			184252	189046			
			184366	189087			
			184589	189203			
			184688	189328			
			184731	189341			
			185163	189391			
21	100-Ton Open- Top Hoppers	L&N	191004	191401	191684	4,500	94,500
			191008	191512	191739		
			191080	191535	191750		
			191162	191614	191765		
			191281	191623	191817		
			191320	191627	191884		
			191368	191661	191890		

<u>Quantity*</u>	<u>Description</u>	<u>Rail- Road Prefix</u>	<u>Hulk</u>			<u>Hulk</u>	
			<u>Railroad Numbers*</u>			<u>Purchase Price</u>	<u>Total Purchase Price</u>
158	70-Ton Gon- dola Cars	L&N	36301	39100	39778	170866 \$4,500	\$711,000
			36323	39101	39780	170909	
			36341	39115	39841	171063	
			36460	39129	39885	171075	
			36470	39130	39960	171088	
			36499	39131	39964	171109	
			36505	39137	170012	171132	
			36508	39158	170013	171179	
			36591	39162	170034	171189	
			36605	39166	170044	171194	
			36620	39179	170069	171216	
			36632	39225	170116	171228	
			36634	39228	170136	171244	
			36708	39244	170152	171266	
			36759	39251	170175	171306	
			36764	39265	170189	171311	
			36821	39272	170305	171317	
			36834	39281	170318	171359	
			36851	39284	170400	171409	
			36853	39285	170402	171426	
			36884	39292	170481	171497	
			36887	29305	170502	171533	
			36913	39336	170570	171602	
			36917	39354	170574	171655	
			36920	39369	170577	171712	
			36924	39403	170602	171769	
			36962	39434	170644	171932	
			36988	39456	170649	171985	
			38909	39485	170656	172061	
			38917	39488	170662	173015	
			38929	39536	170666	174129	
			38933	39539	170688		
			38955	39541	170691		
			38959	39548	170696		
			38961	39557	170700		
			38973	39580	170709		
			38976	39595	170779		
			38977	39622	170790		
			39010	39691	170835		
			39053	39732	170836		
			39077	39735	170842		
			39080	39754	170849		

<u>Quantity*</u>	<u>Description</u>	<u>Rail- Road Prefix</u>	<u>Hulk</u>			<u>Hulk</u>	
			<u>Railroad Numbers*</u>			<u>Purchase Price</u>	<u>Total Purchase Price</u>
12	100-Ton Gondola Cars	L&N	175061 175075 175086 176025	176064 176159 176251 176290	176622 176656 176757 176777	\$4,500	\$ 54,000
40	100-Ton Covered Hopper Cars	L&N	200065 200068 200109 200122 200181 200203 200204 200209 200252 200273 200435 200448 200470 200483	200521 200596 200607 200622 240025 240081 240233 240234 240348 240516 240663 240665 240669	240775 240998 241015 241075 241106 241494 241530 241570 241720 241734 250060 250080 250127	4,500	180,000
11	70-Ton Bulk- head Flat Cars	L&N	22607 22626 22641	22701 22702 22705	22742 22744 22755	22757 23941	4,500 49,500
9	100-Ton Bulk- head Flat Cars	L&N	22319 22320 22322	22324 22346 22366	22949 22967 22990	4,500	40,500
50	70-Ton Cov- ered Hopper Cars to Ballast Cars	MON	4343 4362 4365	4370 4376 4381	56001 56036 56073	4,500	225,000
		L&N	37802 37816 37862 37873 37894 37907 37933 37953 37970 37973	37977 37981 37992 37994 38008 38028 38034 38046 38058 38085	38109 38155 38258 38287 38298 38319 38411 38423 38429 38431	38445 38448 38455 38456 38457 38468 38474 38479 38490 38499 38515	

<u>Quantity*</u>	<u>Description</u>	<u>Hulk</u>				<u>Hulk</u>		
		<u>Rail Road Prefix</u>	<u>Railroad Numbers*</u>			<u>Purchase Price</u>	<u>Total Purchase Price</u>	
33	50-Ton Pulpwood to Welded Rail Cars	L&N	20505	20711	20832	20915	\$4,500	\$148,500
			20519	20745	20834	20927		
			20543	20748	20837	20933		
			20554	20755	20841	20975		
			20579	20763	20842	20978		
			20604	20784	20856	20979		
			20642	20786	20865			
			20650	20799	20898			
			20653	20822	20913			

* Although this Exhibit A sets forth the description of 778 Hulks, the Hulk Purchase Agreement to which this Schedule is attached will cover only those Hulks that are delivered to the Buyer for reconstruction under the Reconstruction and Conditional Sale Agreement dated as of the date hereof, between First Security Bank of Utah, N.A., as Agent, L&N Investment Corporation and First Security State Bank, as trustee under a Trust Agreement dated as of the date hereof with Westinghouse Credit Corporation. Following completion of deliveries, this Exhibit A will be amended to delete from the description those Hulks not covered.

[CS&M Ref.: 2043-904]

RECONSTRUCTION AND CONDITIONAL SALE
AGREEMENT

Dated as of April 2, 1979

among

FIRST SECURITY BANK OF UTAH, N.A.,
not in its individual capacity but
solely as Agent,

L&N INVESTMENT CORPORATION

and

FIRST SECURITY STATE BANK,
not in its individual capacity but solely as Trustee

RECONSTRUCTION AND CONDITIONAL
SALE AGREEMENT

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* This Table of Contents has been included in this document for convenience only and does not form a part of or affect any construction or interpretation of this document.

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Lessee's Consent and Agreement

EXHIBIT D--HULK PURCHASE AGREEMENT

Exhibit A--Specifications of the Hulks

RECONSTRUCTION AND CONDITIONAL SALE AGREEMENT dated as of April 2, 1979, among FIRST SECURITY BANK OF UTAH, N.A., not in its individual capacity but solely as Agent (the "Vendor") under a Participation Agreement No. 1 dated as of the date hereof (the "Participation Agreement"), L&N INVESTMENT CORPORATION (the "Builder") and FIRST SECURITY STATE BANK, not in its individual capacity but solely as Trustee (the "Vendee") under a Trust Agreement dated as of the date hereof (the "Trust Agreement"), with WESTINGHOUSE CREDIT CORPORATION (the "Beneficiary").

The Vendee proposes to acquire all right, title and interest in certain railroad equipment (the "Hulks") from Louisville and Nashville Railroad Company (the "Lessee") pursuant to a Hulk Purchase Agreement (the "Hulk Purchase Agreement") dated as of the date hereof, in substantially the form of Exhibit D hereto, and will subject the same to a security interest in favor of the Vendor for the purpose of causing the Hulks to be reconstructed.

The Vendor will acquire security title to the Hulks pursuant to a Transfer Agreement (the "Transfer Agreement") in substantially the form of Exhibit A hereto, for the purpose of causing the same to be reconstructed as described herein and thereupon selling its interest in the same to the Vendee and the Vendee has agreed to purchase the Hulks as so reconstructed (the reconstructed equipment described in Schedule A hereto being hereinafter called the "Equipment").

The Hulks will be delivered to the Builder and the Builder has agreed with the Vendor to cause the Hulks to be reconstructed in accordance with specifications of the Vendee and as required hereby to enable delivery of the Equipment to be made to the Vendee in accordance herewith.

The Vendee and the Lessee are entering into a Lease of Railroad Equipment dated as of the date hereof (the "Lease"), substantially in the form of Exhibit B hereto, pursuant to which the Vendee is leasing the Equipment to the Lessee, subject to this Agreement, and the Vendee is assigning for security purposes its rights in, to and under the Lease to the Vendor pursuant to an Assignment of Lease and Agreement dated as of the date hereof (the "Lease Assignment"), substan-

tially in the form of Exhibit C hereto. The rights acquired by the Vendor pursuant to this Reconstruction and Conditional Sale Agreement shall be and are acquired for the benefit of the Investors identified in the Participation Agreement for whom the Vendor is acting as Agent pursuant to the terms of such Participation Agreement.

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

ARTICLE 1. Reconstruction and Sale. Pursuant to this Agreement, the Builder will, subject to the provisions of the first paragraph of Article 2 hereof, accept delivery of the Hulks from the Vendee immediately upon delivery of the same to the Vendee pursuant to the Hulk Purchase Agreement and will cause the Hulks to be reconstructed into the Equipment as described in Schedule A hereto and will deliver the Equipment to the Vendee on behalf of the Vendor and the Vendee will accept delivery of and pay the Reconstruction Costs (as defined in Article 3 hereof) in respect of the Equipment as hereinafter provided, each unit of which shall be standard gauge railroad equipment reconstructed in accordance with the specifications of the Vendee referred to in Schedule A hereto and in accordance with such modifications thereof as may be agreed upon in writing by the parties hereto (which specifications and modifications, if any, are by reference made a part of this Agreement as fully as though expressly set forth herein and are hereinafter called the "Specifications"). The Builder warrants to the Vendor and the Vendee that the design, quality and component parts of the Equipment will conform, on the date of delivery of each thereof, to all Department of Transportation and Interstate Commerce Commission requirements and specifications, and to all standards recommended by the Association of American Railroads reasonably interpreted as being applicable to railroad equipment of the character of the Equipment as of such date of delivery.

ARTICLE 2. Inspection and Delivery. The Builder will deliver the units of the Equipment, on behalf of the Vendor, to the Vendee at such point or points within the United States of America specified in Schedule A hereto (or if Schedule A hereto does not specify a place or places, at the place or places designated from time to time by the Vendee) on or prior to February 12, 1980, freight charges, if any, prepaid; provided, however, that delivery of any unit

of the Equipment shall not be made until this Agreement, the Transfer Agreement, the Lease and the Lease Assignment have been filed pursuant to '49 U.S.C. § 11303. The Builder agrees not to accept for reconstruction, nor to commence any reconstruction of, any Hulk if the Builder (A) does not reasonably anticipate that such Hulk will be fully reconstructed prior to February 12, 1980, (B) reasonably anticipates that the sum of the Purchase Price (as hereinafter defined) of such Hulk to be reconstructed and of the aggregate Purchase Price of any other Hulks accepted hereunder will exceed \$5,000,000, or (C) has received written notice from the Vendee, the Vendor or the Beneficiary (a) of the occurrence of any event of default as defined in Article 14 hereof or any event (including the commencement of any proceeding or the filing of any petition of the nature specified in subparagraphs (c) and (d) of Article 14 hereof) which, with lapse of time, failure to take affirmative action and/or demand, could constitute an event of default hereunder shall have occurred, or (b) that any of the conditions contained in Paragraph 6 or 7 of the Participation Agreement have not been met or waived or (c) that the Vendee is no longer obligated under the terms of the Hulk Purchase Agreement to accept delivery of and to pay for any additional Hulks thereunder for any of the reasons therein provided.

The Builder's obligation as to time of delivery is subject, however, to delays resulting from causes beyond the Builder's reasonable control, including but not limited to acts of God, acts of government such as embargoes, priorities and allocations, war or war conditions, riot or civil commotion, sabotage, strikes, differences with workmen, accidents, fire, flood, explosion, damage to plants, equipment or facilities, delays in receiving necessary materials or delays of carriers or subcontractors.

Notwithstanding the preceding provisions of this Article 2, the Vendor and the Vendee shall be relieved of their obligations to purchase and pay for any Equipment not delivered and accepted on or prior to February 12, 1980.

The Builder represents and warrants that: (i) the Equipment will upon delivery to the Vendee be "rolling stock, of a domestic railroad corporation subject to part I of the Interstate Commerce Act" within the meaning of Section 48(a)(2)(B)(ii) of the Internal Revenue Code of 1954 as in effect on the date of the execution and delivery of this Agreement (the "Code"); (ii) the Equipment will upon delivery to the Vendee qualify with respect to that portion of the

basis of the Equipment attributable to reconstruction as "new section 38 property" within the meaning of Section 48(b) of the Code; (iii) the Vendee will be entitled to claim upon delivery of the Equipment to it depreciation deductions with respect to that portion of the basis of the Equipment attributable to reconstruction in accordance with any method listed in Section 167(b) of the Code and with respect to that portion of the basis of the Equipment not attributable to reconstruction in accordance with Section 167(a) of the Code; and (iv) at the time of the delivery of the Equipment to the Vendee, no investment credit, depreciation or other tax benefit will have been claimed by any person with respect to the portion of the basis of the Equipment attributable to reconstruction.

During reconstruction, the Equipment shall be subject to inspection and approval by the authorized inspectors of the Vendee (who may be employees of the Lessee) and the Builder shall grant to such authorized inspectors reasonable access to its plant. The Builder agrees to inspect all materials used in the reconstruction of the Equipment in accordance with the standard quality control practices of the Builder. Upon completion of each unit or of a number of units of the Equipment, such unit or units shall be presented to an inspector of the Vendee for inspection at the place specified for delivery of such unit or units, and if each such unit conforms to the Specifications, requirements and standards applicable thereto, such inspector or an authorized representative of the Vendee (who may be an employee of the Lessee) shall execute and deliver to the Builder a certificate of acceptance (the "Certificate of Acceptance") stating that such unit or units have been inspected and accepted on behalf of the Vendee and are marked in accordance with Article 8 hereof; provided, however, that the Builder shall not thereby be relieved of its warranties set forth or referred to in this Article 2 or Article 12 hereof.

ARTICLE 3. Purchase Price and Payment. The cost of the Hulks (the "Hulk Purchase Price") and the estimated base reconstruction cost per unit of the Equipment are set forth in Schedule A hereto. The term "Reconstruction Cost" as used herein shall mean the base reconstruction cost per unit set forth in Schedule A hereto, as increased or decreased by agreement among the Builder, the Vendor and the Vendee. The term "Purchase Price" as used herein means the sum of the Hulk Purchase Price and the Reconstruction Cost.

For the purpose of settlement therefor, the Equipment shall be divided into not more than ten groups of units of the Equipment unless the Vendee, the Vendor and the Builder shall otherwise agree (each such group being hereinafter called a "Group"). The term "Closing Date" with respect to any Group shall mean such date not later than February 20, 1980 (herein called the "Cut-Off Date"), occurring not more than ten business days following presentation by the Builder to the Vendee of the invoice and the Certificate or Certificates of Acceptance for such Group and written notice thereof by the Builder to the Lessee, as shall be fixed by the Builder by written notice delivered to the Vendee and the Vendor at least six business days prior to the Closing Date designated therein; provided, however, that the first such Closing Date shall not be prior to the date specified in Item 1 of Schedule B hereto and with respect to any Closing Date prior to a date specified in Item 2 of said Schedule B, the aggregate of the Invoiced Purchase Prices of all equipment settled for hereunder prior to each such date shall not exceed the amount specified with respect to each such date in said Item 2. The term "business days" as used herein means calendar days, excluding Saturdays, Sundays, holidays and any other day on which banking institutions in Salt Lake City, Utah, or New York, New York, are authorized to remain closed.

Each unit of Equipment subject to this Agreement shall be deemed to belong to the category specified in respect of such unit in Schedule A hereto (each such category being hereinafter called a "Category"). The Vendee hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby promises to pay (and the Builder and the Lessee are hereby constituted third party beneficiaries of such obligation) in Salt Lake City or New York Clearing House funds to the Vendor at such place as the Vendor may designate, the Purchase Price of each Group of the Equipment, as follows:

(a) in respect of the units of Equipment in each Category of the Group for which settlement is then being made, in that number of semiannual installments specified in respect of such Category in Item 3 of Schedule B hereto, as hereinafter provided, an amount equal to the percentage set forth in said Item 3 in respect of such Category of the aggregate of the Purchase Prices of the units of Equipment of such Category in such Group as set forth in the Invoice or Invoices therefor (said invoice prices being hereinafter called the "Invoice Purchase Prices"); provided, however, that the amount payable pursuant to this subparagraph (a) (hereinafter

called the "CSA Indebtedness") in respect of Equipment settled for on any Closing Date shall not exceed the Available Investors' Funds (as defined in the eighth paragraph of this Article 3) on such Closing Date, and

(b) on the Closing Date with respect to each Group an amount (herein called the "Down Payment") equal to the aggregate Purchase Price of such Group, less the amount payable pursuant to subparagraph (a) of this paragraph; provided, however, that the Vendee shall not be required to make such payment unless there shall have been delivered to the Vendor on or prior to such date the documents required to be delivered thereto pursuant to the eighth paragraph of this Article 3.

The installments of the CSA Indebtedness shall be payable on each February 20 and August 20 commencing August 20, 1980 (or, if any such date is not a business day, on the next succeeding business day), each such date being hereinafter called a "Payment Date". The unpaid balance of the CSA Indebtedness shall bear interest from the Closing Date upon which such CSA Indebtedness was incurred at the rate of 10-3/8% per annum, and such interest shall be payable, to the extent accrued, on February 20, 1980, and each Payment Date. The installments of principal payable on each Payment Date shall be calculated on such a basis that the amount and allocation of principal and interest payable on each Payment Date shall be substantially in proportion to the amount and allocation of principal and interest on such Payment Date set forth in Annexes I-A through I-E hereto relative to the respective Categories of units of Equipment. Promptly following the earlier of the last Closing Date or the Cut-Off Date, the Vendee will furnish to the Vendor and the Lessee a composite payment schedule showing the respective amounts of principal and interest payable on each Payment Date.

Interest under this Agreement shall be determined on the basis of a 360-day year of twelve 30-day months, except that interest payable for any period of less than a full month shall be calculated on a 365-day year basis for the actual number of days elapsed.

The Vendee will pay interest at the rate of 11-3/8% per annum, to the extent legally enforceable, upon all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof, anything herein to the contrary notwithstanding.

All payments provided for in this Agreement shall be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Payments made in respect of the Purchase Price of Equipment may be in Salt Lake City or New York Clearing House funds. The Vendee shall not have the privilege of prepaying any portion of the CSA Indebtedness prior to the date it becomes due, provided, however, that the CSA Indebtedness may be prepaid as provided for in Article 6 hereof.

On the Closing Date with respect to each Group, an amount equal to the Invoiced Purchase Prices of such Group shall be paid in Salt Lake City or New York Clearing House funds by the Vendor to the Builder and the Lessee (as the seller of the Hulks), as their interests may appear, from the proceeds of (y) the amounts (herein called the "Available Investors' Funds") available to the Vendor under and pursuant to the terms of the Participation Agreement to make payments on such Closing Date in amounts equal to the CSA Indebtedness and (z) the Down Payment payable by the Vendee pursuant to clause (b) of the third paragraph of this Article 3, provided that there shall have been delivered to the Vendor the following documents, in form and substance satisfactory to it and its special counsel hereinafter mentioned:

(a) the Certificate or Certificates of Acceptance contemplated by Article 2 hereof and the Certificate or Certificates of Delivery contemplated by Section 1 of the Lease with respect to the Equipment in such Group;

(b) invoices of the Builder for the reconstruction of the Equipment in the Group and of the Lessee for the Hulks, accompanied by or having endorsed thereon the approval of the Vendee of the price stated therein and a certification by the Lessee that the Invoiced Purchase Prices have been calculated as provided in the first paragraph of this Article 3 and do not exceed the prices that would be charged by an independent car builder for comparable equipment;

(c) a favorable opinion of counsel for the Builder, dated as of such Closing Date, stating that at the time of delivery of the units of the Equipment in such Group on behalf of the Vendor to the Vendee hereunder, title to such units was free of all claims, liens, security

interests and encumbrances of the Builder or of anyone claiming through the Builder; and

(d) a favorable opinion of counsel for the Lessee, dated as of such Closing Date, stating that as of such date, title to the Hulks from which such units of the Equipment in such Group were reconstructed was vested in the Vendee and was free of all claims, liens, security interests and encumbrances of any nature whatsoever except for those arising under this Agreement or the Exhibits hereto.

The obligation of the Vendor to make payment for the Equipment is expressly conditioned on the Vendee having made the Down Payment to the Vendor required by subparagraph (b) of the third paragraph of this Article 3. If on any Closing Date the Down Payment exceeds 26.90% of the Purchase Price of any Group, the Vendee may, by written notice to the Lessee, the Vendor and the Builder, postpone such Closing Date for a period of not more than 60 days. Notwithstanding anything to the contrary herein expressed or implied, the parties hereto agree that the Vendor shall have no obligation with respect to the reconstruction of the Hulks and delivery of the Equipment hereunder to the Vendee.

Notwithstanding any other provision of this Agreement (including, but not limited to, any provision of Articles 14 and 15 hereof), the Vendor agrees that the liability of the Vendee or any assignee of the Vendee for all payments to be made by it under this Agreement (with the exception only of the payments to be made pursuant to subparagraph (b) of the third paragraph of Article 3 and the obligations set forth in the proviso in the third paragraph of Article 11 hereof) shall not exceed an amount equal to, and shall be payable only out of, the "income and proceeds from the Equipment". As used herein, the term "income and proceeds from the Equipment" shall mean (i) if one of the events of default specified in Article 14 hereof shall have occurred and while it shall be continuing, so much of the following amounts as are indefeasibly received by the Vendee (or the Vendor as assignee of the Vendee under the Lease) at any time after any such event and during the continuance thereof: (a) all amounts of rental and amounts in respect of Casualty Occurrences or a Termination (as such terms are defined in Article 6 hereof) paid for or with respect to the Equipment pursuant to the Lease and any and all other payments received under Section 9 or any other provision of the Lease and

(b) any and all payments or proceeds received by the Vendee under the Lease or received by the Vendee for or with respect to the Equipment as the result of the sale, lease or other disposition thereof and after deducting all costs and expenses of such sale, lease or other disposition and (ii) at any other time only that portion of the amounts referred to in the foregoing clauses (a) and (b) as are indefeasibly received by the Vendee (or the Vendor as assignee of the Vendee under the Lease) and as shall be required to discharge the portion of the CSA Indebtedness (including prepayments thereof required in respect of Casualty Occurrences or a Termination) and/or interest thereon, due and payable on the date such amounts were required to be paid pursuant to the Lease or as shall be required to discharge any other payments then due and payable under this Agreement; it being understood that "income and proceeds from the Equipment" shall in no event include amounts referred to in the foregoing clauses (a) and (b) which were received by the Vendee (or the Vendor as assignee of the Vendee under the Lease) prior to the existence of such an event of default which exceeded the amounts required to discharge that portion of the CSA Indebtedness (including prepayments thereof required in respect of Casualty Occurrences or a Termination) and/or interest thereon due and payable on the date on which amounts with respect thereto received by the Vendee were required to be paid to it pursuant to the Lease or which exceeded any other payments due and payable under this Agreement at the time such amounts were due and payable under the Lease. Notwithstanding anything to the contrary contained in Articles 14 and 15 hereof, the Vendor agrees that in the event it shall obtain a judgment against the Vendee for an amount in excess of the amounts payable by the Vendee pursuant to the limitations set forth in this paragraph, it will, accordingly, limit its execution of such judgment against the Vendee to amounts payable pursuant to the limitations set forth in this paragraph. It is further agreed by the parties hereto that nothing contained herein limiting the liability of the Vendee shall derogate from the right of the Vendor to proceed against the Equipment as provided for herein for the full unpaid Purchase Price of the Equipment and interest thereon and all other payments and obligations hereunder or to proceed against the Lessee under the Lease or the Consent.

ARTICLE 4. Title to the Equipment. The Vendor shall and hereby does retain a security interest in the Hulks delivered to the Builder hereunder for reconstruction and

shall continue to retain such security interest during the entire period that the Hulks are being reconstructed and thereafter in the Equipment until the Vendee shall have made all its payments under this Agreement in respect of the Equipment and shall have kept and performed all its agreements herein contained in respect thereof, notwithstanding any provision of this Agreement limiting the liability of the Vendee and notwithstanding the delivery of the Equipment to and the possession and use thereof by the Vendee and the Lessee as provided in this Agreement and the Lease. Any and all additions to the Hulks and the Equipment, and any and all parts installed on and additions and replacements made to any unit of the Hulks prior to their delivery and acceptance hereunder shall constitute accessions thereto and shall be subject to all the terms and conditions of this Agreement and included in the term "Equipment" as used in this Agreement.

Except as otherwise specifically provided in Article 6 hereof, when and only when the Vendor shall have been paid the full CSA Indebtedness, together with interest and all other payments as herein provided, and all the Vendee's obligations herein contained shall have been performed, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee without further transfer or action on the part of the Vendor. However, the Vendor, if so requested by the Vendee at that time, will (a) execute and deliver to the Vendee a bill or bills of sale for the Equipment releasing its security interest therein to the Vendee, free of all claims, rights, liens, security interests and other encumbrances created or retained hereby, (b) execute and deliver to the Vendee for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the Vendee to such Equipment and (c) pay to the Vendee any money paid to the Vendor pursuant to Article 6 hereof and not theretofore applied as therein provided. The Vendee hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file any such certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file such certificate within a reasonable time after written demand by the Vendee.

ARTICLE 5. Taxes. All payments to be made by the Vendee hereunder will be free of expense to the Vendor for collection or other charges and will be free of expense to the Vendor with respect to the amount of any local, state, Federal or foreign taxes (other than net income taxes, gross receipts taxes [except gross receipts taxes in the nature of or in lieu of sale, use or rental taxes], franchise taxes measured by net income based upon such receipts, excess profits taxes and similar taxes) or license fees, assessments, documentary stamp taxes, charges, fines or penalties (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called impositions) hereafter levied or imposed upon or in connection with or measured by this Agreement or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof, all of which impositions the Vendee assumes and agrees to pay on demand in addition to the Purchase Price of the Equipment. The Vendee will also pay promptly all impositions which may be imposed upon the Equipment delivered to it or for the use or operation thereof or upon the earnings arising therefrom or upon the Vendor solely by reason of its ownership thereof and will keep at all times all and every part of the Equipment free and clear of all impositions which might in any way affect the security interest of the Vendor or result in a lien upon any part of the Equipment; provided, however, that the Vendee shall be under no obligation to pay any impositions of any kind so long as it is contesting in good faith (after written notice to the Vendor) and by appropriate legal proceedings such impositions and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the title, property or rights of the Vendor in or to the Equipment or otherwise under this Agreement. If any impositions shall have been charged or levied against the Vendor directly and paid by the Vendor, the Vendee shall reimburse the Vendor upon presentation of an invoice therefor, and any amounts so paid by the Vendor shall be secured by and under this Agreement; provided, however, that the Vendee shall not be obligated to reimburse the Vendor for any impositions so paid unless the Vendor shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for the Vendor) or unless the Vendee shall have approved the payment thereof.

ARTICLE 6. Maintenance and Repair; Termination; Casualty Occurrences. The Vendee agrees that, at its own cost and expense, it will maintain and keep each unit of the Equipment in good order, repair and condition.

In the event that (i) the Lessee does not elect to extend the original term of the Lease for the Extended Terms (as defined in the Lease) (such event being herein called a "Termination"), or (ii) any unit of the Equipment shall be or become worn out, lost, stolen, destroyed or, in the opinion of the Lessee, irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise by the United States government for a stated period which shall exceed the then remaining term of the Lease or for an indefinite period or by any other governmental entity, in any case resulting in loss of possession by the Lessee for a period of 90 consecutive days or until the end of the term of the Lease (any such occurrence referred to in this clause (ii) being herein called a "Casualty Occurrence"), the Vendee shall, within 30 days after it shall have received notice from the Lessee or has otherwise been informed that there has been a Termination or a Casualty Occurrence, cause the Vendor to be fully informed in regard thereto. Notwithstanding any such Casualty Occurrence, the Vendee shall continue making payment of all installments of principal and interest in respect of such unit until the next succeeding date for the payment of interest on the CSA Indebtedness. On the next succeeding Payment Date in respect of the CSA Indebtedness, in the case of a Casualty Occurrence, and on February 20, 1990, in the case of a Termination (each such date being hereinafter called a "Settlement Date") the Vendee shall, subject to the provisions of the last paragraph of Article 3 hereof, pay to the Vendor a sum equal to the Settlement Value (as hereinafter defined in this Article 6) of such unit having suffered a Casualty Occurrence, or been subject to a Termination as of the date of such payment and shall file, or cause to be filed, with the Vendor a certificate setting forth the Settlement Value of such unit. Any money paid to the Vendor pursuant to this paragraph shall be applied on the date that such Settlement Value is paid (after the payment of the interest and principal due on such date) to prepay without penalty or premium, ratably in accordance with the unpaid balance of each installment, the CSA Indebtedness and the Vendee will promptly furnish to the Vendor and the Lessee a revised schedule of payments of principal and interest thereafter to be made, in such number of counterparts as the Vendor may request.

Upon payment by the Vendee to the Vendor of the Settlement Value of any unit of the Equipment having suffered a Casualty Occurrence or been subject to a Termination, absolute right to the possession of, title to and property in

such unit shall pass to and vest in the Vendee, without further transfer or action on the part of the Vendor, except that the Vendor, if requested by the Vendee, will execute and deliver to the Vendee, at the expense of the Vendee, an appropriate instrument, confirming such passage to the Vendee of all the Vendor's right, title and interest, and the release of the Vendor's security interest, in such unit, in recordable form, in order that the Vendee may make clear upon the public records the title of the Vendee to such unit.

The Settlement Value of each unit of the Equipment having suffered a Casualty Occurrence or been subject to a Termination shall be deemed to be that portion of the original CSA Indebtedness with respect to such unit remaining unpaid on the date as of which such Settlement Value shall be determined (without giving effect to any prepayment or prepayments theretofore made under this Article with respect to any other Unit), plus interest accrued thereon but unpaid as of such date. For the purpose of this paragraph, each payment of CSA Indebtedness in respect of Equipment made pursuant to Article 3 hereof shall be deemed to be a payment on each unit of the Equipment in like proportion as the original Purchase Price of such unit bears to the aggregate original Purchase Price of all the units of Equipment.

If the Vendor shall receive any insurance proceeds or condemnation payments in respect of such units suffering a Casualty Occurrence, the Vendor shall, subject to the Vendor having received payment of the Settlement Value hereunder, pay such insurance proceeds or condemnation payments to the Vendee. All insurance proceeds or condemnation payments received by the Vendor in respect of any unit or units of Equipment not suffering a Casualty Occurrence shall be paid to the Vendee upon proof satisfactory to the Vendor that any damage to such unit in respect of which such proceeds were paid has been fully repaired.

ARTICLE 7. Reports and Inspections. On or before March 31 in each year, commencing with the calendar year 1980, the Vendee shall cause to be furnished to the Vendor an accurate statement setting forth as of the preceding December 31 the amount, description and numbers of the Equipment (a) then covered hereby, (b) that have suffered a Casualty Occurrence during the preceding 12 months (or since the date of this Agreement in the case of the first such statement) and (c) then undergoing repairs (other than running repairs) or then withdrawn from use pending such repairs and setting forth such other information regarding the condition and state of repair of the Equipment as the Vendor

may reasonably request and stating that, in the case of all Equipment repaired or repainted during the period covered by such statement, such Equipment is marked as required by Article 8 hereof. The Vendor shall have the right, by its agents, to inspect the Equipment and the Lessee's records with respect thereto at such reasonable times as the Vendor may request during the continuance of this Agreement.

ARTICLE 8. Marking of Equipment. The Vendee will cause each unit of the Equipment to be kept numbered with its identifying number as set forth in Schedule A hereto, or, in the case of Equipment not there listed, such identifying number as shall be set forth in any amendment or supplement hereto extending this Agreement to cover such Equipment, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each unit, in letters not less than seven-sixteenths of one inch in height, the following legend: "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION" or other appropriate words designated by the Vendor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Vendor's title to and property in the Equipment and its rights under this Agreement. The Vendee will not permit any such unit to be placed in operation or exercise any control over the same until such legend shall have been so marked on both sides thereof and will replace or will cause to be replaced promptly any such legend which may be removed, obliterated, defaced or destroyed. The Vendee will not permit the identifying number of any unit of the Equipment to be changed except in accordance with a statement of a new number or numbers to be substituted therefor, which statement previously shall have been filed with the Vendor and filed, recorded and deposited by the Vendee in all public offices where this Agreement shall have been filed, recorded and deposited.

Except as provided in the preceding paragraph, the Vendee will not allow the name of any person, association or corporation to be placed on any unit of the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Vendee may allow the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates on railroad equipment used by them of the same or a similar type for convenience of identification of the rights of the Lessee or its affiliates to use the Equipment as permitted under the Lease.

Article 9. Compliance with Laws and Rules. During the term of this Agreement, the Vendee will comply, and will cause every lessee or user of the Equipment to comply, in all respects (including, without limitation, with respect to the use, maintenance and operation of the Equipment) with all laws of the jurisdictions in which its or such lessees' operations involving the Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, and in the event that such laws or rules require any alteration, replacement or modification, of or to any part on any unit of the Equipment, the Vendee will conform therewith at its own expense; provided, however, that the Vendee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Vendor, adversely affect the property or rights of the Vendor under this Agreement.

Article 10. Possession and Use. The Vendee, so long as an event of default shall not have occurred and be continuing under this Agreement, shall be entitled, from and after delivery of the Equipment to the Vendee, to the possession of the Equipment and the use thereof, but only upon and subject to all the terms and conditions of this Agreement.

The parties hereto acknowledge that the Vendee simultaneously herewith is leasing the Equipment to the Lessee as provided in the Lease, and the rights of the Lessee and its permitted assigns under the Lease shall be subordinate and junior in rank to the rights, and shall be subject to the remedies, of the Vendor under this Agreement. The Lease shall not be amended or terminated (except in accordance with its terms) without the prior written consent of the Vendor.

Subject to the provisions of the preceding paragraph of this Article 10, the Equipment may be used upon the lines of railroad owned or operated by the Lessee or any affiliate of the Lessee (or any other railroad company approved by the Vendor) or upon lines of railroad over which the Lessee or any such affiliate has trackage or other operating rights, or over which railroad equipment of the Lessee or any such affiliate is regularly operated pursuant to contract, and the Equipment may be used upon connecting and

other carriers in the usual interchange of traffic or equipment, but only upon and subject to all the terms and conditions of this Agreement; provided, however, that the Vendee shall not assign any unit of the Equipment to service which is not permitted by the Lease. Except as otherwise provided in the Lease, the Vendee may also lease the Equipment to any other railroad company with the prior written consent of the Vendor; provided, however, that (i) such lease shall provide that the rights of such lessee are made expressly subordinate to the rights and remedies of the Vendor under this Agreement, (ii) such lessee shall expressly agree not to assign or permit the assignment of any unit of the Equipment to service involving the regular operation and maintenance thereof outside the United States of America and (iii) a copy of such lease shall be furnished to the Vendor.

ARTICLE 11. Prohibition Against Liens. The Vendee will pay or discharge any and all sums claimed by any party from, through or under the Vendee or its successors or assigns which, if unpaid, might become a lien, charge, security interest or other encumbrance upon or with respect to the Equipment, or any unit thereof, or the Vendee's interests in the Lease or the payments due and to become due thereunder, or any part thereof, equal to or superior to the Vendor's security interest therein, and will promptly discharge any such lien, charge, security interest or other encumbrance which arises, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by any appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the property or rights of the Vendor in or to the Equipment or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of any claims, liens, charges or security interests upon the Equipment shall be secured by and under this Agreement.

This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

The foregoing provisions of this Article 11 shall be subject to the limitations set forth in the last paragraph of Article 3 hereof and the provisions of Article 21 hereof;

provided, however, that the Vendee will pay or discharge any and all claims, liens, charges or security interests claimed by any party from, through or under the Vendee or its successors or assigns, and to the extent that it receives funds sufficient for such purpose from the Beneficiary, from, through or under the Beneficiary and its successors and assigns, not arising out of the transactions contemplated hereby (but including tax liens arising out of the receipt of the income and proceeds from the Equipment), equal or superior to the Vendor's security interest therein, which, if unpaid, might become a lien, charge or security interest on or with respect to the Equipment, or any unit thereof, or the Vendee's interest in the Lease and the payments to be made thereunder, but the Vendee shall not be required to pay or discharge any such claim so long as the validity or priority thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the security interest of the Vendor in or to the Equipment or otherwise under this Agreement or in and to the Lease and the payments to be made thereunder.

Article 12. Indemnities and Warranties. The Vendee agrees to indemnify, protect and hold harmless the Vendor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including but not limited to counsel fees and expenses, penalties and interest, arising out of or as the result of the entering into or the performance of this Agreement, the retention by the Vendor of security title to or a security interest in the Equipment, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any of the Equipment, any accident in connection with the operation, use, condition, possession, storage or return of any of the Equipment resulting in damage to property or injury or death to any person during the period when title thereto remains in the Vendor or the transfer of title to the Equipment by the Vendor pursuant to any of the provisions of this Agreement, except, however, any losses, damages, injuries, liabilities, claims and demands whatsoever arising out of any tort, breach of warranty or failure to perform any covenant hereunder by the Builder. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of the indebtedness in respect of the Purchase Price of, and the release of the security interest in, the Equipment, as provided in the last paragraph of Article 4

hereof, or the termination of this Agreement in any manner whatsoever.

The Vendee will bear the responsibility for and risk of, and shall not be released from its obligations hereunder in the event of, any damage to or the destruction or loss of any unit or all the Equipment.

THE VENDOR MAKES NO WARRANTIES WHETHER WRITTEN, ORAL, STATUTORY OR IMPLIED, INCLUDING THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE HULKS OR THE EQUIPMENT OR IN CONNECTION WITH THIS AGREEMENT OR THE DELIVERY AND SALE OF THE EQUIPMENT HEREUNDER.

The Builder warrants that the Hulks will be reconstructed in accordance with the Specifications and standards set forth or referred to in Article 1 hereof and warrants that the Equipment will be free from defects in material or workmanship or design under normal use and service. THIS WARRANTY IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, WITH RESPECT TO RECONSTRUCTION, EXPRESSED OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. The Builder agrees to and does hereby, to the extent legally possible without impairing any claim, right or cause of action hereinafter referred to, transfer, assign, set over and deliver to the Vendor and, subject to the rights of the Vendor under this Agreement, to the Vendee, every claim, right and cause of action which the Builder has or hereafter shall have against any party who shall perform any of the reconstruction of the Hulks and the Builder agrees to execute and deliver to the Vendor and the Vendee all and every such further assurance as may be reasonably requested more fully to effectuate the assignment, transfer and delivery of every such claim, right and cause of action.

The Builder agrees to indemnify, protect and hold harmless the Vendor and the Vendee from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Vendor or the Vendee (i) because of the use in or about the construction or operation of the Equipment or the reconstruction of the Hulks, or any unit thereof, of any design, article or material infringing or claimed to infringe on any patent or other right or (ii) arising out of any accident or tort in connection with the reconstruction, operation, use, condition, possession or

storage by the Builder of any of the Hulks or any unit of the Equipment resulting in damage to property or injury or death to any person. The Vendor or the Vendee, as the case may be, will give notice to the Builder of any claim known to it from which liability may be charged against the Builder under this paragraph.

The Builder represents that it is not entering into this Agreement, or into any other transaction contemplated by the Participation Agreement, directly or indirectly in connection with any arrangement or understanding in any way involving any employee benefit plan (other than a governmental plan) with respect to which it, the Beneficiary, the Lessee, or the Vendee in its individual capacity is a party in interest, all within the meaning of the Employee Retirement Income Security Act of 1974.

The warranties and indemnities contained or referred to in this Article 12 and in any other Articles hereof and all other covenants and obligations of the Builder contained in this Agreement shall inure to the benefit of, and be enforceable by, any lessor, lessee, assignee or transferee of this Agreement or of any units of the Equipment including, without limitation, the Vendee or the Beneficiary.

ARTICLE 13. Assignments. The Vendee will not (a) except as provided in Article 10 hereof or in the Trust Agreement, transfer the right to possession of any unit of the Equipment or (b) sell, assign, transfer or otherwise dispose of its rights under this Agreement unless such sale, assignment, transfer or disposition (i) is made expressly subject in all respects to the rights and remedies of the Vendor hereunder (including without limitation, rights and remedies against the Vendee) and (ii) is made to a bank or trust company having capital and surplus aggregating at least \$50,000,000, and such bank or trust company expressly assumes, in writing, in form reasonably satisfactory to the Vendor, all the obligations of the Vendee under this Agreement.

All or any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Vendee, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time. No such assignment shall subject any assignee to, or relieve the Builder from, any of the obligations of the Builder to reconstruct and deliver the Equipment in accordance herewith or to respond to its warranties and indemnities contained or

referred to in Article 12 hereof or relieve the Vendee of its obligations to the Builder contained or referred to in this Agreement.

Upon any such assignment, either the assignor or the assignee shall give written notice to the Vendee, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall, by virtue of such assignment, acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Vendee of the notification of any such assignment, all payments thereafter to be made by the Vendee under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

ARTICLE 14. Defaults. In the event that any one or more of the following events of default shall occur and be continuing (without regard to the limitations provided for in the last paragraph of Article 3 hereof or in Article 21 hereof) to wit:

(a) the Vendee shall fail to pay in full any sum payable by the Vendee when payment thereof shall be due hereunder and such default shall continue for ten days; or

(b) the Vendee shall, for more than 30 days after the Vendor shall have demanded in writing performance thereof, fail or refuse to comply with any other covenant, agreement, term or provision of this Agreement or of any agreement entered into concurrently herewith relating to the financing of the Equipment, on its part to be kept and performed or to make provision satisfactory to the Vendor for such compliance; or

(c) a petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may be hereafter amended or under any other provision of Title 11 of the United States Code, as now constituted or as hereafter amended, shall be filed by or against the Lessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall

continue), all the obligations of the Lessee under the Lease shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed in such proceedings (whether or not subject to ratification) in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier or by the trustee in such proceedings in accordance with the provisions of 11 U.S.C. § 1168, or any successor provision as the same may hereafter be amended; or

(d) any proceeding shall be commenced by or against the Vendee or the Lessee for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the obligations hereunder or under the Lease, the Lease Assignment, the Consent or the Participation Agreement of the Vendee or the Lessee, as the case may be), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Vendee or the Lessee under this Agreement, the Lease, the Lease Assignment, the Consent and/or the Participation Agreement, as the case may be, shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Vendee or the Lessee, as the case may be, or for its property in connection with any such proceedings in such manner that such obligations have the same status as expenses of administration and obligations incurred by such trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

(e) the Vendee shall make or permit any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment;

then at any time after the occurrence of such an event of default the Vendor may upon written notice to the Vendee and the Lessee and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, (i) cause the term of the Lease immediately upon such notice to terminate (and the Vendee acknowledges the right of the Vendor to terminate the Lease) but without affecting the indemnities or other agreements of the Lessee which by the provisions of the Lease survive the termination of its term and/or (ii) declare (hereinafter called a "Declaration of Default") the entire unpaid CSA Indebtedness together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in Article 3 hereof as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. Upon a Declaration of Default, subject to Article 3 hereof, the Vendor shall be entitled to recover judgment for the entire unpaid balance of the CSA Indebtedness, with interest as aforesaid, and, subject to the limitations of Articles 3 and 21 hereof, to collect such judgment out of any property of the Vendee wherever situated. The Vendee agrees to notify the Vendor promptly of any event of which it has knowledge which constitutes, or with the giving of notice and/or lapse of time could constitute, an event of default under this Agreement.

The Vendor may, at its election, waive any such event of default and its consequences and rescind and annul any Declaration of Default or notice of termination of the Lease by notice to the Vendee in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such event of default had occurred and no Declaration of Default or notice of termination of the Lease had been made or given. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Vendee that time is of the essence of this Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

Anything herein to the contrary notwithstanding, in the case of any event of default occurring hereunder due to the occurrence of an Event of Default under the Lease that is curable pursuant to the next succeeding sentence, the Vendor shall not, without the prior written consent of

the Beneficiary, exercise any remedy or remedies provided herein or in the Lease in respect thereof during a 30-day period next following the giving of written notice to the Beneficiaries constituting a declaration of default as above provided. During such 30-day period, the Vendee and/or the Beneficiary shall have the right to cure, on behalf of the Lessee, such Event of Default under the Lease; provided, however, that no more than four such Events of Default pursuant to Section 9(A) of the Lease (not more than two being consecutive) may be cured as aforesaid. Except as provided in the immediately preceding sentence, such right to cure may be exercised by one or more of said parties any number of times throughout the term of the Lease whether or not the Lessee shall at any time repay any amounts so advanced in order to cure one or more such defaults, and each such separate Event of Default occurring subsequent to an Event of Default which was theretofore cured by one or more such parties shall be subject to the notice requirement and the 30-day period during which the Vendor may not exercise his remedies as hereinabove provided. No party exercising any such right to cure shall obtain any lien, charge or encumbrance of any kind upon the Equipment or any rentals or other amounts payable therefor under the Lease in respect of any sums paid in connection with the exercise of such right or the curing of such Event of Default, nor shall any claims of such party against the Lessee for the repayment of such sums so advanced impair the prior right of the Vendor to the sums payable by the Lessee under the Lease; provided, however, that if no event of default hereunder shall then have occurred and be continuing and if all payments of CSA Indebtedness and interest thereon then due and owing shall have been made at the time of receipt by the Vendor from the Lessee of an overdue installment of rental or other sum under the Lease in respect of which the Vendee or the Beneficiary shall have made payment to the Vendor pursuant to this paragraph and/or any interest payable by the Lessee in respect of the late payment thereof, such installment or other sum and interest thereon shall be released to or at the written direction of the Vendee.

ARTICLE 15. Remedies. At any time during the continuance of a Declaration of Default, the Vendor may, upon such further notice and action, if any, as may be required for compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Vendor, take or cause to be taken, by its agent or agents, immediate possession of the Equipment, or one or more of the units thereof, without liability to return to the Vendee any sums

theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 15 expressly provided, and may remove the same from possession and use of the Vendee, the Lessee or any other person and for such purpose may enter upon the premises of the Vendee or the Lessee or any other premises where the Equipment may be located, and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Vendee or the Lessee, subject to all mandatory requirements of due process of law.

In case the Vendor shall demand possession of the Equipment pursuant to this Agreement and shall designate a reasonable point or points for the delivery of the Equipment to the Vendor, the Vendee shall, at its own expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, causing prompt telegraphic and written notice to be given to the Association of American Railroads and all railroads to which any unit or units of the Equipment have been interchanged to return the unit or units so interchanged) cause the Equipment to be placed upon such storage tracks of the Lessee as the Vendor reasonably may designate;

(b) permit the Vendor to store the Equipment on such tracks at the risk of the Vendee for a period not exceeding 270 days without charge for rent or storage until the Equipment has been sold, leased or otherwise disposed of by the Vendor; and

(c) cause the Equipment to be transported to any reasonable place on the lines of railroad operated by the Lessee or any of its affiliates or to any connecting carrier for shipment, all as directed by the Vendor.

During any storage period, the Vendee will, at its own cost and expense, insure, maintain and keep each such unit in good order and repair and will permit the inspection of the Equipment by the Vendor, the Vendor's representatives and prospective purchasers, lessees and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and, upon application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree against the Vendee requiring specific performance hereof. The Vendee hereby expressly waives any and all claims against the Vendor and its agent or agents for damages

of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner.

At any time during the continuance of a Declaration of Default, the Vendor (after retaking possession of the Equipment as hereinbefore in this Article 15 provided) may, at its election and upon such notice as is hereinafter set forth, retain the Equipment in satisfaction of the entire CSA Indebtedness and make such disposition thereof as the Vendor shall deem fit. Written notice of the Vendor's election to retain the Equipment shall be given to the Vendee and the Lessee by telegram or registered mail, addressed as provided in Article 20 hereof, and to any other persons to whom the law may require notice, within 30 days after such Declaration of Default. In the event that the Vendor should elect to retain the Equipment and no objection is made thereto within the 30-day period described in the second proviso below, all the Vendee's rights in the Equipment shall thereupon terminate and all payments made by the Vendee may be retained by the Vendor as compensation for the use of the Equipment; provided, however, that if the Vendee, before the expiration of the 30-day period described in the proviso below, should pay or cause to be paid to the Vendor the total unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon accrued and unpaid and all other payments due under this Agreement, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee; provided further, that if the Vendee or any other persons notified under the terms of this paragraph object in writing to the Vendor within 30 days from the receipt of notice of the Vendor's election to retain the Equipment, then the Vendor may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law. If the Vendor shall not have given notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Article 15.

At any time during the continuance of a Declaration of Default, the Vendor, with or without retaking possession thereof, at its election and upon reasonable notice to the Vendee and any other persons to whom the law may require

notice of the time and place, may sell the Equipment, or one or more of the units thereof, free from any and all claims of the Vendee or any other party claiming from, through or under the Vendee at law or in equity, at public or private sale and with or without advertisement as the Vendor may determine; provided, however, that if, prior to such sale and prior to the making of a contract for such sale, the Vendee should tender full payment of the total unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, the sale and the Vendor's reasonable attorneys' fees, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee. The proceeds of such sale or other disposition, less the attorneys' fees and any other expenses incurred by the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling or otherwise disposing of the Equipment, shall be credited on the amount due to the Vendor under the provisions of this Agreement.

Any sale hereunder may be held or conducted at New York, New York, at such time or times as the Vendor may specify (unless the Vendor shall specify a different place or places, in which case the sale shall be held at such place or places as the Vendor may specify), in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine, so long as such sale shall be in a commercially reasonable manner. The Vendor, or the Vendee may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. The Vendee shall be given written notice of such sale not less than ten days prior thereto by telegram or registered mail, addressed as provided in Article 20 hereof. If such sale shall be a private sale (which shall be deemed to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where less than 40 offerees have been solicited in writing to submit bids), it shall be subject to the right of the Vendee to purchase or provide a purchaser, within ten days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. In the event that the Vendor shall be the purchaser thereof,

it shall not be accountable to the Vendee (except to the extent of surplus money received as hereinafter provided in this Article 15), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all sums then due and owing to the Vendor hereunder. From and after the date of any such sale, the Vendee shall pay the Vendor an amount equal to interest (at the rate specified in Article 3 hereof as being applicable to amounts remaining unpaid after becoming due and payable) on the unpaid CSA Indebtedness with respect to each unit of Equipment which shall not have been assembled as hereinafter provided, by the date of such sale for each day from the date of such sale to the date of delivery to the purchaser at such sale.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the Vendee shall not otherwise alter or affect the Vendor's rights or the Vendee's obligations hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Vendee's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Vendee shall, subject to the provisions of the last paragraph of Article 3 hereof, pay the amount of such deficiency to the Vendor upon demand, together with interest from the date of such demand to the date of payment, at the highest prime rate of interest charged by any of the four New York City banks having the largest total assets in effect on the date such demand was made, and, if the Vendee shall fail

to pay such deficiency, the Vendor may bring suit therefor and shall, subject to the limitations of the last paragraph of Article 3 hereof, be entitled to recover a judgment therefor against the Vendee. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Vendee.

The Vendee will pay all reasonable expenses, including attorneys' fees, incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable expenses, including reasonable attorneys' fees, and the amount thereof shall be included in such judgment.

The foregoing provisions of this Article 15 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

Notwithstanding any other provision of this Article 15 in respect of an event of default hereunder (but only to the extent such event of default results from a corresponding Event of Default under the Lease), the Vendor shall not exercise any of the remedies provided for hereunder which will result in the divestment of the Vendee's title in and ownership of the units of Equipment until such time as the Vendor has arranged or has reason to believe that the Vendor can, within a reasonable time thereafter, arrange a sale or lease of the units to a party other than the Vendor, all as reasonably determined by the Vendor. It is the intent of this paragraph that the Vendee shall be allowed to retain title in and ownership of the units of Equipment until such time as the Vendor determines that divestment of such title and ownership is necessary in order to make a sale or lease to a party other than the Vendor.

ARTICLE 16. Applicable State Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the parties hereto to the full extent permitted by law, it being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

Except as otherwise provided in this Agreement, the

Vendee, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Equipment, or any one or more units thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Vendor's rights under this Agreement and any and all rights of redemption.

ARTICLE 17. Recording. The Vendee will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed and recorded in accordance with 49 U.S.C. § 11303; and the Vendee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of special counsel for the Vendor, of its security title to the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; and the Vendee will promptly furnish to the Vendor certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Vendor.

ARTICLE 18. Article Headings. The table of contents and all article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

ARTICLE 19. Effect and Modification of Agreement. Except for the Participation Agreement, this Agreement, including any annexes or schedules or exhibits hereto, exclusively and completely states the rights of the parties hereto with respect to the Hulks and the Equipment and supersedes all other agreements oral or written, with respect to the Hulks and the Equipment. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of the parties hereto.

ARTICLE 20. Notice. Any notice hereunder to any of the parties designated below shall be deemed to be properly served if delivered or mailed to it at its place of business at the following specified addresses:

(a) to the Vendor, at 79 South Main Street, Salt Lake City, Utah 84111, attention of Trust Division, Corporate Trust Department,

(b) to the Vendee, at 79 South Main Street, Salt Lake City, Utah 84111, attention of Trust Division, Corporate Trust Department,

(c) to Westinghouse Credit Corporation, at Three Gateway Center, Pittsburgh, Pennsylvania 15222, attention of Manager of Lease Operations,

(d) to the Builder (i) if delivered by hand, at 908 West Broadway, Louisville, Kentucky 40201 and (ii) if mailed, at P. O. Box 32290, Louisville, Kentucky 40232,

(e) to any assignee of the Vendor, or of the Vendee, at such address as may have been furnished in writing to the Vendee, or the Vendor, as the case may be, by such assignee.

or at such other address as may have been furnished in writing by such party to the other parties to this Agreement.

ARTICLE 21. Immunities; Satisfaction of Undertakings. No recourse shall be had in respect of any obligation due under this Agreement, or referred to herein, against any incorporator, stockholder, beneficiary, director or officer, as such, past, present or future, of the parties hereto, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of such incorporators, beneficiaries, stockholders, directors or officers being forever released as a condition of and as consideration for the execution of this Agreement.

The obligations of the Vendee under the second, fifth, seventh and eighth paragraphs of Article 15 and under Articles 2, 5, 6 (other than the third and fourth sentences of the second paragraph thereof to the extent requiring delivery of certificates and payment schedules as therein provided), 7, 8, 9, 11 (other than the proviso to the last paragraph thereof), 12 and 17 hereof shall be deemed in all respects satisfied by the Lessee's undertakings contained in the Lease. The Vendee shall not have any responsibility for the Lessee's failure to perform such obligations, but if the same shall not be performed they shall constitute the basis for an event of default hereunder pursuant to Article 14 hereof. No waiver or amendment of the Lessee's undertakings under the Lease shall be effective unless joined in by the Vendor.

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Vendee, are made and intended not as personal representations, undertakings and agreements by the Vendee in its individual capacity or for the purpose or with the intention of binding the Vendee personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Agreement is executed and delivered by the Vendee not in its own right but solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and except in the case of gross negligence or wilful misconduct, no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the Vendee on account of this Agreement or on account of any representation, undertaking or agreement of the Vendee, either expressed or implied (except for the Vendee's obligations under subparagraph (b) of the third paragraph of Article 3 hereof and under the proviso to the last paragraph of Article 11 hereof), all such personal liability, if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor.

ARTICLE 22. Law Governing. The Vendee warrants that its chief place of business is located in the State of Utah. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Utah; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303 and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

ARTICLE 23. Execution. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. It shall not be necessary that any counterpart be signed by all the parties so long as each party shall sign at least one counterpart. This Agreement shall be valid, binding and effective at such time as the Vendor shall have executed a counterpart and received (or as to which the Vendor shall have received attested telegraphic

communication confirming execution of) counterparts executed by the Builder and the Vendee. Although this Agreement is dated as of the date set forth on the cover hereof, for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed all as of the date first above written.

FIRST SECURITY BANK OF UTAH, N.A.,
not in its individual capacity but
solely as Agent,

by

[Corporate Seal]

Authorized Officer


Attest:

Authorized Officer

L&N INVESTMENT CORPORATION,

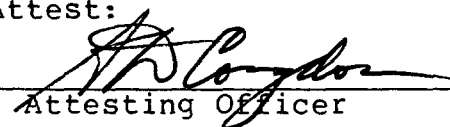
by

[Corporate Seal]



Vice President

Attest:



Attesting Officer

FIRST SECURITY STATE BANK, not in
its individual capacity but solely
as Trustee,

by

[Corporate Seal]

Authorized Officer

Attest:

Authorized Officer

[illegible]

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, N.A., that one of the seals affixed to the foregoing instrument is the corporate seal of said national banking association, that said instrument was signed and sealed on behalf of said national banking association by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national banking association.

Notary Public

[Notarial Seal]

My Commission expires

COMMONWEALTH OF KENTUCKY,)
COUNTY OF JEFFERSON,) ss.:

On this 2nd day of June 1979, before me personally appeared D. L. Morris, to me personally known, who, being by me duly sworn, says that he is Vice President of L&N INVESTMENT CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Sharon W. Bowles
Notary Public

[Notarial Seal]

My Commission expires July 26, 1982

[illegible]

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized officer of FIRST SECURITY STATE BANK, that one of the seals affixed to the foregoing instrument is the seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission expires

ANNEX I-A

Allocation Schedule of
Each \$1,000,000
of CSA Indebtedness
in respect of Units
of Equipment in Category 10

<u>Pay. No.</u>	<u>Date</u>	<u>Debt Service</u>	<u>Interest</u>	<u>Principal</u>	<u>Remaining Principal Balance</u>
1	8/20/80	\$ 84,919.28	\$ 51,875.00	\$ 33,044.28	\$ 966,955.72
2	2/20/81	84,919.28	50,160.83	34,758.45	932,197.27
3	8/20/81	84,919.28	48,357.74	36,561.54	895,635.73
4	2/20/82	84,919.28	46,461.11	38,458.17	857,177.56
5	8/20/82	84,919.28	44,466.09	40,453.19	816,724.37
6	2/20/83	84,919.28	42,367.58	42,551.70	774,172.67
7	8/20/83	84,919.28	40,160.21	44,759.07	729,413.60
8	2/20/84	84,919.28	37,838.33	47,080.95	682,332.65
9	8/20/84	84,919.28	35,396.01	49,523.27	632,809.38
10	2/20/85	84,919.28	32,826.99	52,092.29	580,717.09
11	8/20/85	84,919.28	30,124.70	54,794.58	525,922.51
12	2/20/86	84,919.28	27,282.23	57,637.05	468,285.46
13	8/20/86	84,919.28	24,292.31	60,626.97	407,658.49
14	2/20/87	84,919.28	21,147.29	63,771.99	343,886.50
15	8/20/87	84,919.28	17,839.11	67,080.17	276,806.33
16	2/20/88	84,919.28	14,359.33	70,559.95	206,246.38
17	8/20/88	84,919.28	10,699.03	74,220.25	132,026.13
18	2/20/89	84,919.28	6,848.86	78,070.42	53,955.71
19	8/20/89	56,754.66	2,798.95	53,955.71	.00
Totals		<u>\$1,585,301.70</u>	<u>\$585,301.70</u>	<u>\$1,000,000.00</u>	

ANNEX I-B

Allocation Schedule of
Each \$1,000,000
of CSA Indebtedness
in respect of Units
of Equipment in Category 11

<u>Pay. No.</u>	<u>Date</u>	<u>Debt Service</u>	<u>Interest</u>	<u>Principal</u>	<u>Remaining Principal Balance</u>
1	8/20/80	\$ 79,938.94	\$ 51,875.00	\$ 28,063.94	\$971,936.06
2	2/20/81	79,938.94	50,419.19	29,519.75	942,416.31
3	8/20/81	79,938.94	48,887.85	31,051.09	911,365.22
4	2/20/82	79,938.94	47,277.07	32,661.87	878,703.35
5	8/20/82	79,938.94	45,582.74	34,356.20	844,347.15
6	2/20/83	79,938.94	43,800.51	36,138.43	808,208.72
7	8/20/83	79,938.94	41,925.83	38,013.11	770,195.61
8	2/20/84	79,938.94	39,953.90	39,985.04	730,210.57
9	8/20/84	79,938.94	37,879.68	42,059.26	688,151.31
10	2/20/85	79,938.94	35,697.85	44,241.09	643,910.22
11	8/20/85	79,938.94	33,402.84	46,536.10	597,374.12
12	2/20/86	79,938.94	30,988.78	48,950.16	548,423.96
13	8/20/86	79,938.94	28,449.49	51,489.45	496,934.51
14	2/20/87	79,938.94	25,778.48	54,160.46	442,774.05
15	8/20/87	79,938.94	22,968.91	56,970.03	385,804.02
16	2/20/88	79,938.94	20,013.58	59,925.36	325,878.66
17	8/20/88	79,938.94	16,904.96	63,033.98	262,844.68
18	2/20/89	79,938.94	13,635.07	66,303.87	196,540.81
19	8/20/89	79,938.94	10,195.56	69,743.38	126,797.43
20	2/20/90	79,938.94	6,577.62	73,361.32	53,436.11
21	8/20/90	56,208.11	2,772.00	53,436.11	.00
Totals		<u>\$1,654,986.91</u>	<u>\$654,986.91</u>	<u>\$1,000,000.00</u>	

ANNEX I-C

Allocation Schedule of
Each \$1,000,000
of CSA Indebtedness
in respect of Units
of Equipment in Category 12

Pay. No.	Date	Debt Service	Interest	Principal	Remaining Principal Balance
1	8/20/80	\$ 76,372.12	\$ 51,875.00	\$ 24,497.12	\$975,502.88
2	2/20/81	76,372.12	50,604.21	25,767.91	949,734.97
3	8/20/81	76,372.12	49,267.50	27,104.62	922,630.35
4	2/20/82	76,372.12	47,861.45	28,510.67	894,119.68
5	8/20/82	76,372.12	46,382.46	29,989.66	864,130.02
6	2/20/83	76,372.12	44,826.75	31,545.37	832,584.65
7	8/20/83	76,372.12	43,190.33	33,181.79	799,402.86
8	2/20/84	76,372.12	41,469.03	34,903.09	764,499.77
9	8/20/84	76,372.12	39,658.43	36,713.69	727,786.08
10	2/20/85	76,372.12	37,753.90	38,618.22	689,167.86
11	8/20/85	76,372.12	35,750.58	40,621.54	648,546.32
12	2/20/86	76,372.12	33,643.34	42,728.78	605,817.54
13	8/20/86	76,372.12	31,426.79	44,945.33	560,872.21
14	2/20/87	76,372.12	29,095.25	47,276.87	513,595.34
15	8/20/87	76,372.12	26,642.76	49,729.36	463,865.98
16	2/20/88	76,372.12	24,063.05	52,309.07	411,556.91 411,556.91
17	8/20/88	76,372.12	21,349.52	55,022.60	356,534.31
18	2/20/89	76,372.12	18,495.22	57,876.90	298,657.41
19	8/20/89	76,372.12	15,492.85	60,879.27	237,778.14
20	2/20/90	76,372.12	12,334.74	64,037.38	173,740.76
21	8/20/90	76,372.12	9,012.80	67,359.32	106,381.44
22	2/20/91	76,372.12	5,518.54	70,853.58	35,527.86
23	8/20/91	37,370.87	1,843.01	35,527.86	.00
Totals		<u>\$1,717,557.51</u>	<u>\$717,557.51</u>	<u>\$1,000,000.00</u>	

ANNEX I-D

Allocation Schedule of
Each \$1,000,000
of CSA Indebtedness
in respect of Units
of Equipment in Category 13

Pay. No.	Date	Debt Service	Interest	Principal	Remaining Principal Balance
1	8/20/80	\$ 73,170.83	\$ 51,875.00	\$ 21,295.83	\$973,704.17 <i>ADH</i>
2	2/20/81	73,170.83	50,770.28	22,400.55	956,303.62
3	8/20/81	73,170.83	49,608.25	23,562.58	932,741.04
4	2/20/82	73,170.83	48,385.94	24,784.89	907,956.15
5	8/20/82	73,170.83	47,100.23	26,070.60	881,885.55
6	2/20/83	73,170.83	45,747.82	27,423.01	854,462.54
7	8/20/83	73,170.83	44,325.25	28,845.58	825,616.96 <i>ADH</i>
8	2/20/84	73,170.83	42,828.88	30,341.95	795,275.01
9	8/20/84	73,170.83	41,254.89	31,915.94	763,359.07
10	2/20/85	73,170.83	39,599.25	33,571.58	729,787.49
11	8/20/85	73,170.83	37,857.73	35,313.10	694,474.39
12	2/20/86	73,170.83	36,025.86	37,144.97	657,329.42
13	8/20/86	73,170.83	34,098.97	39,071.86	618,257.56
14	2/20/87	73,170.83	32,072.11	41,098.72	577,158.84
15	8/20/87	73,170.83	29,940.12	43,230.71	533,928.13
16	2/20/88	73,170.83	27,697.52	45,473.31	488,454.82
17	8/20/88	73,170.83	25,338.60	47,832.23	440,622.59
18	2/20/89	73,170.83	22,857.30	50,313.53	390,309.06
19	8/20/89	73,170.83	20,247.28	52,923.55	337,385.51
20	2/20/90	73,170.83	17,501.87	55,668.96	281,716.55
21	8/20/90	73,170.83	14,614.05	58,556.78	223,159.77
22	2/20/91	73,170.83	11,576.41	61,594.42	161,565.35
23	8/20/91	73,170.83	8,381.20	64,789.63	96,775.72
24	2/20/92	73,170.83	5,020.24	68,150.59	28,625.13
25	8/20/92	30,110.06	1,484.93	28,625.13	.00
Totals		<u>\$1,786,209.98</u>	<u>\$786,209.98</u>	<u>\$1,000,000.00</u>	

ANNEX I-E

Allocation Schedule of
Each \$1,000,000
of CSA Indebtedness
in respect of Units
of Equipment in Category 14

Pay. No.	Date	Debt Service	Interest	Principal	Remaining Principal Balance
1	8/20/80	\$ 70,435.07	\$ 51,875.00	\$ 18,560.07	\$981,439.93
2	2/20/81	70,435.07	50,912.20	19,522.87	961,917.06
3	8/20/81	70,435.07	49,899.45	20,535.62	941,381.44
4	2/20/82	70,435.07	48,834.16	21,600.91	919,780.53
5	8/20/82	70,435.07	47,713.62	22,721.45	897,059.08
6	2/20/83	70,435.07	46,534.94	23,900.13	873,158.95
7	8/20/83	70,435.07	45,295.12	25,139.95	848,019.00
8	2/20/84	70,435.07	43,990.99	26,444.08	821,574.92
9	8/20/84	70,435.07	42,619.20	27,815.87	793,759.05
10	2/20/85	70,435.07	41,176.25	29,258.82	764,500.23
11	8/20/85	70,435.07	39,658.45	30,776.62	733,723.61
12	2/20/86	70,435.07	38,061.91	32,373.16	701,350.45
13	8/20/86	70,435.07	36,382.56	34,052.51	667,297.94
14	2/20/87	70,435.07	34,616.08	35,818.99	631,478.95
15	8/20/87	70,435.07	32,757.97	37,677.10	593,801.85
16	2/20/88	70,435.07	30,803.47	39,631.60	554,170.25
17	8/20/88	70,435.07	28,747.58	41,687.49	512,432.76 512,482.76
18	2/20/89	70,435.07	26,585.04	43,850.03	468,632.73
19	8/20/89	70,435.07	24,310.32	46,124.75	422,507.98
20	2/20/90	70,435.07	21,917.60	48,517.47	373,990.51
21	8/20/90	70,435.07	19,400.76	51,034.31	322,956.20
22	2/20/91	70,435.07	16,753.35	53,681.72	269,274.48
23	8/20/91	70,435.07	13,968.61	56,466.46	212,808.02
24	2/20/92	70,435.07	11,039.42	59,395.65	153,412.37
25	8/20/92	70,435.07	7,958.27	62,476.80	90,935.57
26	2/20/93	70,435.07	4,717.28	65,717.79	25,217.78
27	8/20/93	26,525.95	1,308.17	25,217.78	.00
Totals		<u>\$1,857,837.77</u>	<u>\$857,837.77</u>	<u>\$1,000,000.00</u>	

R#

SCHEDULE A
TO
RECONSTRUCTION AND CONDITIONAL SALE AGREEMENT

Quantity*	AAR Mechanical Designation	Description	L&N* Railroad Road Numbers (Inclusive)	Builder's Specification Number	Hulk		Base		Purchase Price		Reconstruction Cost		Purchase Price		Total*
					Category	Per Unit	Total*	Per Unit	Total*	Per Unit	Total*	Per Unit	Total*	Per Unit	Total*
93	XL	50-Ton Box Cars	96396-96488	L&N 79-1	10	\$4,500	\$418,500	\$15,679	\$1,458,147	\$20,179	\$1,876,647				
50	LO	70-Ton Covered Hopper Cars to Ballast Cars	45151-45200	L&N 79-6	10	4,500	225,000	12,848	642,400	17,348	867,400				
33	LP	50-Ton Pulp- wood to Welded Rail Cars	42901-42933	L&N 79-7	10	4,500	148,500	16,196	534,468	20,696	682,968				
158	GB	70-Ton Gon- dola Cars	27406-27445 27766-27779 28573-28600 29042-29051 29500-29565	L&N 79-3	11	4,500	711,000	12,391	1,957,778	16,891	2,668,778				
9	GB	100-Ton Gon- dola Cars	27665-27673	L&N 79-3	11	4,500	40,500	12,391	111,519	16,891	152,019				
3	GBS	100-Ton Gon- dola Cars	27980-27982	L&N 79-3	11	4,500	13,500	12,391	37,173	16,891	50,673				
11	FB	70-Ton Bulk- head Flat Cars	990603-990609 990834, 991006-991008	L&N 79-5	12	4,500	49,500	12,650	139,150	17,150	188,650				
9	FB	100-Ton Bulkhead Flat Cars	990311-990316 990402-990403 990502	L&N 79-5	12	4,500	40,500	12,650	113,850	17,150	154,350				

Quantity*	AAR Mechanical Designation	Description	L&N* Railroad Road Numbers (Inclusive)	Builder's Specification Number	Hulk		Base Reconstruction Cost		Purchase Price		Total*
					Per Unit	Total*	Per Unit	Total*	Per Unit	Total*	
105	XL	70-Ton Box Cars	112417-112521	L&N 79-1	4,500	\$472,500	\$15,679	\$1,646,295	\$20,179	\$2,118,795	
20	XM	70-Ton Box Cars	112821-112840	L&N 79-1	4,500	90,000	15,679	313,580	20,179	403,580	
4	XP	70-Ton Box Cars	99686, 104452-104454	L&N 79-1	4,500	18,000	15,679	62,716	20,179	80,716	
75	HT	70-Ton Open- Top Hoppers	76450-76524	L&N 79-2	4,500	337,500	10,820	811,500	15,320	1,149,000	
36	XM	50-Ton Box Cars	110252-110287	L&N 79-1	4,500	162,000	15,679	564,444	20,179	726,444	
8	XL	50-Ton Box Cars	111879-111886	L&N 79-1	4,500	36,000	15,679	125,432	20,179	161,432	
34	XL	100-Ton Box Cars	114035-114068	L&N 79-1	4,500	153,000	15,679	533,086	20,179	686,086	
5	XP	100-Ton Box Cars	113962, 104450-104451 114300-114301	L&N 79-1	4,500	22,500	15,679	78,395	20,179	100,895	
64	HT	80-Ton Open-Top Hoppers	189494-189557	L&N 79-2	4,500	288,000	10,820	692,480	15,320	980,480	
21	HT	100-Ton Open-Top Hoppers	192090-192110	L&N 79-2	4,500	94,500	10,820	227,220	15,320	321,720	

Quantity*	AAR Mechanical Designation	Description	L&N* Railroad Road Numbers (Inclusive)	Builder's Specifica- tion Number	Hulk		Base		Purchase Price		
					Category	Per Unit	Purchase Price	Reconstruction Cost	Per Unit	Total*	
											Total*
40	LO	100-Ton Covered Hopper Cars	205180-205215 205998 250517-250519	L&N 79-4	14	4,500	180,000	17,268	690,720	21,768	870,720

* This Schedule A sets forth a description of Equipment having a total purchase price of \$14,241,353. It is understood and agreed, however, that the Reconstruction and Conditional Sale Agreement to which this Schedule is attached will cover only units of Equipment reasonably anticipated to be fully reconstructed prior to February 12, 1980, and having an aggregate purchase price not exceeding \$5,000,000. The balance of the units will be eligible for delivery and acceptance under a reconstruction and conditional sale agreement of even date among the parties hereto with the Owner-Trustee acting as trustee of a different trust. Following completion of deliveries, this Schedule A will be amended to delete those units of Equipment not covered.

SCHEDULE B
TO
RECONSTRUCTION AND CONDITIONAL SALE AGREEMENT

Item 1: June 27, 1979

Item 2:	August 23, 1979	\$1,032,463.19
	January 30, 1979	3,810,240.96
	February 21, 1980	5,000,000.00

Item 3:	<u>Category of Equipment</u>	<u>Number of Semiannual Installments</u>	<u>Percentage of Purchase Price</u>
	10	19	73.10
	11	21	73.70
	12	23	73.90
	13	25	74.05
	14	27	74.70

EXHIBIT A
TO RECONSTRUCTION AND
CONDITIONAL SALE AGREEMENT

TRANSFER AGREEMENT

As of April 2, 1979

First Security Bank of Utah, N.A.,
not in its individual capacity
but solely as Agent,
79 South Main Street
Salt Lake City, Utah 84111.

Attention of Mr. Robert S. Clark,
Manager, Corporate
Trust Department.

Dear Sirs:

The undersigned proposes to acquire the used railroad equipment described in Annex I hereto (the "Hulks") from Louisville and Nashville Railroad Company (the "Railroad") and desires to have such Hulks reconstructed. The undersigned hereby agrees with you as follows:

1. In order to cause the Hulks to be reconstructed and sold to us by you on conditional sale, the undersigned hereby assigns and transfers to you, without warranties of any kind, security title to the Hulks.

2. You will hold security title under and pursuant to the Reconstruction and Conditional Sale Agreement dated as of the date hereof (the "Agreement"), among you, L&N Investment Corporation (the "Builder") and us and you will request that the Hulks be reconstructed, pursuant thereto in accordance with the specifications referred to in Schedule A thereto. In accordance with the Agreement the undersigned will cause the Hulks to be delivered to the Builder on your behalf.

3. Upon completion of the reconstruction, the reconstructed Hulks will be delivered and conditionally sold by you to us in accordance with the Agreement.

4. If Hulks are excluded from the Agreement, you shall reassign to us your interest in such Hulks without warranty.

5. It is understood and agreed that this agreement is being entered into solely to permit you to effectuate the foregoing and your interests in the Hulks, in present form or as reconstructed, is a security interest and that we shall at all times be the beneficial owner of the same.

6. It is understood and agreed that this agreement may be executed by you and us in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart; that it shall not be necessary that any counterpart be signed by both of us so long as each of us shall sign at least one counterpart; and that this agreement shall be valid, binding and effective at such time as each of us shall have executed this agreement and you shall have received (or as to which you shall have received attested telegraphic communication confirming execution of) a counterpart executed by the undersigned.

7. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the undersigned, are made and intended not as personal representations, undertakings and agreements by the undersigned in its individual capacity or for the purpose or with the intention of binding the undersigned personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement dated as of the date hereof (the "Trust Agreement"), between Westinghouse Credit Corporation and the undersigned, and this agreement is executed and delivered by the undersigned not in its own right but solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and except in the case of gross negligence or wilful misconduct, no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the undersigned on account of this agreement or on account of any representation, undertaking or agreement of the undersigned herein either expressed or implied, all such personal liability, if any, being expressly waived and released by you and by all persons claiming by, through or under you.

If the foregoing is in accordance with your understanding, please sign each of the enclosed counterparts of this agreement in the space provided and return one counterpart to us.

Very truly yours,

FIRST SECURITY STATE BANK, not
in an individual capacity but
solely as Trustee,

by

[SEAL]

Authorized Officer

Attest:

by

Authorized Officer

ACCEPTED:

FIRST SECURITY BANK OF UTAH, N.A.,
not in its individual capacity
but solely as Agent,

by

Authorized Officer

Attested:

by

Authorized Officer

[illegible]

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY STATE BANK, that the seal affixed to the foregoing instrument is the corporate seal of said Corporation and that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was a free act and deed of said Corporation.

[NOTARIAL SEAL]

Notary Public

My commission expires

[illegible]

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, N.A., that the seal affixed to the foregoing instrument is the corporate seal of said national banking association and that said instrument was signed and sealed on behalf of said national banking association by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was a free act and deed of said national banking association.

[NOTARIAL SEAL]

Notary Public

My commission expires

ANNEX I
TO
TRANSFER AGREEMENT

<u>Quantity*</u>	<u>Description</u>	<u>Rail- Road Prefix</u>	<u>Hulk* Railroad Numbers</u>
137	50-Ton Box Cars	L&N	97122 98019 109183 109449 97123 98052 109189 109450 97152 98104 109198 109453 97153 98130 109207 109462 97167 98150 109241 109463 97168 98199 109242 109464 97188 98324 109272 109467 97257 98337 109281 109468 97330 98351 109332 109469 97341 98372 109334 109471 97342 98412 109337 109472 97372 98447 109344 109473 97381 98467 109351 109474 97383 98487 109354 109475 97388 98489 109371 109477 97465 98492 109374 109481 97467 98599 109402 109484 97501 98698 109404 109487 97511 98845 109412 109489 97551 98859 109413 109492 97826 98894 109416 109493 97846 98943 109417 109494 97855 98954 109420 109496 97858 98978 109422 109497 97862 99529 109423 109498 97868 109038 109424 109499 97904 109048 109428 97908 109070 109429 97922 109094 109430 97924 109104 109431 97955 109110 109433 97957 109114 109434 97969 109124 109436 97977 109135 109438 97990 109147 109445 97995 109151 109447 98016 109171 109448

<u>Quantity*</u>	<u>Description</u>	<u>Rail- Road Prefix</u>	<u>Hulk*</u> <u>Railroad Numbers</u>
129	70-Ton Box Cars	L&N	99685 102625 103777
			100223 102642 103782
			100247 102736 103802
			100303 102757 103813
			100326 102762 103819
			100408 102766 103824
			100453 102878 103834
			100554 102958 103842
			100567 103001 103854
			100701 103005 103856
			100730 103009 103860
			102063 103010 103863
			102116 103012 103867
			102302 103013 103873
			102311 103014 103889
			102316 103019 103890
			102331 103020 103901
			102341 103021 103902
			102343 103024 103910
			102357 103033 103913
			102370 103037 103915
			102383 103040 103916
			102398 103041 103919
			102402 103043 103931
			102410 103045 103940
			102421 103047 103943
			102457 103128 103948
			102460 103129 103952
			102461 103143 103954
			102462 103164 103958
			102470 103222 103959
			102501 103260 103961
			102528 103261 103967
			102531 103279 103969
			102545 103316 103970
			102572 103338 103976
			102577 103393 103979
			102585 103422 103987
			102586 103472 103989
			102593 103540 103991
			102598 103764 104054
			102609 103766 104059
			102610 103773 104104

<u>Quantity*</u>	<u>Description</u>	<u>Rail- Road Prefix</u>	<u>Hulk* Railroad Numbers</u>
39	100-Ton Box Cars	L&N	104530 104888 104977 104652 104889 104981 104730 104909 104993 104732 104917 105033 104743 104926 105037 104746 104930 105041 104760 104937 105048 104765 104938 105049 104771 104954 105487 104783 104955 105495 104789 104960 105520 104802 104962 105615 104814 104976 107588
75	70-Ton Open- Top Hoppers	L&N	153027 154083 155163 153044 154096 155217 153045 154234 155219 153070 154262 155263 153160 154270 155292 153197 154296 155355 153307 154304 155362 153315 154448 155363 153333 154492 155365 153359 154545 155412 153398 154561 155445 153437 154591 155497 153563 154636 155498 153642 154640 155701 153656 154685 155702 153660 154699 155770 153725 154718 155786 153733 154756 155799 153790 154759 155821 153824 154847 155854 153867 154880 155861 153868 154886 155917 153922 155114 155938 153956 155115 156079 154082 155127 156141
64	80-Ton Open- Top Hoppers	L&N	180003 180793 183334 180049 180821 183352 180186 180962 183396 180241 182136 183873 180284 182281 184252 180339 182443 184366 180384 182722 184589 180445 182728 184688 180637 183293 184731 180640 183299 185163 180704 183305 185393

<u>Quantity*</u>	<u>Description</u>	<u>Rail- Road Prefix</u>	<u>Hulk* Railroad Numbers</u>
64	80-Ton Open- Top Hoppers (Cont'd)	L&N	185781 187946 188792 186311 187995 188794 186322 187998 189004 186340 188148 189036 186769 188294 189046 186778 188498 189087 186966 188623 189203 187103 188683 189328 187341 188756 189341 187886 188782 189391 187919
21	100-Ton Open- Top Hoppers	L&N	191004 191401 191684 191008 191512 191739 191080 191535 191750 191162 191614 191765 191281 191623 191817 191320 191627 191884 191368 191661 191890
158	70-Ton Gon- dola Cars	L&N	36301 38933 39292 170034 36323 38955 39305 170044 36341 38959 39320 170069 36460 38961 39336 170116 36470 38973 39354 170136 36499 38976 39369 170152 36505 38977 39403 170175 36508 39010 39434 170189 36591 39053 39456 170305 36605 39077 39485 170318 36620 39080 39488 170400 36632 39100 39536 170402 36634 39101 39539 170481 36708 39115 39541 170502 36759 39129 39548 170570 36764 39130 39557 170574 36821 39131 39580 170577 36834 39137 39595 170602 36851 39158 39622 170644 36853 39162 39691 170649 36884 39166 39732 170656 36887 39179 39735 170662 36913 39225 39754 170666 36917 39228 39778 36920 39244 39780 36924 39251 39841 36962 39265 39885 36988 39272 39960 38909 39281 39964 38917 39284 170012 38929 39285 170013

<u>Quantity*</u>	<u>Description</u>	<u>Rail- Road Prefix</u>	<u>Hulk* Railroad Numbers</u>			
158	70-Ton Gondola Cars (Cont'd)	L&N	170688	171075	171359	
			170691	171088	171409	
			170696	171109	171426	
			170700	171132	171497	
			170709	171179	171533	
			170779	171189	171602	
			170790	171194	171655	
			170835	171216	171712	
			170836	171228	171769	
			170842	171244	171932	
			170849	171266	171985	
			170866	171306	172061	
			170909	171311	173015	
			171063	171317	174129	
12	100-Ton Gondola Cars	L&N	175061	176064	176622	
			175075	176159	176656	
			175086	176251	176757	
			176025	176290	176777	
40	100-Ton Covered Hopper Cars	L&N	200065	200521	240775	
			200068	200596	240998	
			200109	200607	241015	
			200122	200622	241075	
			200181	240025	241106	
			200203	240081	241494	
			200204	240233	241530	
			200209	240234	241570	
			200252	240348	241720	
			200273	240516	241734	
			200435	240663	250060	
			200448	240665	250080	
			200470	240669	250127	
			200483			
11	70-Ton Bulk-head Flat Cars	L&N	22607	22701	22742	22757
			22626	22702	22744	23941
			22641	22705	22755	
9	100-Ton Bulk-head Flat Cars	L&N	22319	22324	22949	
			22320	22346	22967	
			22322	22366	22990	
50	70-Ton Covered Hopper Cars to Ballast Cars	MON	4343	4370	56001	
			4362	4376	56036	
			4365	4381	56073	
		L&N	37802	37907	37977	38028
			37816	37933	37981	38034
			37862	37953	37992	38046
			37873	37970	37994	38058
			37894	37973	38008	38085

<u>Quantity*</u>	<u>Description</u>	<u>Rail- Road Prefix</u>	<u>Hulk* Railroad Numbers</u>			
50	70-Ton Covered	L&N	38109	38411	38455	38479
	Hopper Cars to		38155	38423	38456	38490
	Ballast Cars		38258	38429	38457	38499
			38287	38431	38468	38515
			38298	38445	38474	
			38319	38448		
33	50-Ton Pulpwood	L&N	20505	20711	20832	20915
	to Welded		20519	20745	20834	20927
	Rail Cars		20543	20748	20837	20933
			20554	20755	20841	20975
			20579	20763	20842	20978
			20604	20784	20856	20979
			20642	20786	20865	
			20650	20799	20898	
			20653	20822	20913	

* Although this Annex I sets forth the description of 778 Hulks, the Transfer Agreement to which this Schedule is attached will cover only those Hulks that are delivered to the Buyer for reconstruction under the Reconstruction and Conditional Sale Agreement dated as of the date hereof, between First Security Bank of Utah, N.A., as Agent, L&N Investment Corporation and First Security State Bank, as trustee under a Trust Agreement dated as of the date hereof with Westinghouse Credit Corporation. Following completion of deliveries, this Annex I will be amended to delete from the description those Hulks not covered.

EXHIBIT B
to the
RECONSTRUCTION AND
CONDITIONAL SALE
AGREEMENT

[CS&M Ref: 2043-904]

LEASE OF RAILROAD EQUIPMENT

Dated as of April 2, 1979

Between

LOUISVILLE AND NASHVILLE RAILROAD COMPANY,
Lessee,

and

FIRST SECURITY STATE BANK,
not in its individual capacity but solely as Owner Trustee,
Lessor.

LEASE OF RAILROAD EQUIPMENT

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* This Table of Contents has been included in this document for convenience only and does not form a part of, or affect any construction or interpretation of this document.

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LEASE OF RAILROAD EQUIPMENT dated as of April 2, 1979, between LOUISVILLE AND NASHVILLE RAILROAD COMPANY (the "Lessee") and FIRST SECURITY STATE BANK, a Utah corporation, not in its individual capacity but solely as Trustee (the "Lessor" or the "Vendee") under a Trust Agreement dated as of the date hereof (the "Trust Agreement"), with WESTINGHOUSE CREDIT CORPORATION (the "Beneficiary").

FIRST SECURITY BANK OF UTAH, N.A., not in its individual capacity but solely as Agent under a Participation Agreement No. 1 dated as of the date hereof (the "Participation Agreement") with the Lessor, the Lessee, the Beneficiaries and the parties named in Schedule A thereto (said Agent, as so acting, being hereinafter, together with its successors and assigns, called the "Vendor"), L&N Investment Corporation (the "Builder") and the Vendee are entering into a Reconstruction and Conditional Sale Agreement dated as of the date hereof (the "Security Document"), wherein the Vendor has agreed to sell to the Vendee its interest in the railroad equipment described in Schedule A hereto after it has been reconstructed by the Builder.

The Lessee desires to lease all the units of said equipment, or such lesser number as are delivered, accepted and settled for under the Security Document on or prior to the Cut-Off Date (as defined in Article 3 of the Security Document) (such units being hereinafter called the "Units"), at the rentals and for the terms and upon the conditions hereinafter provided.

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Units to the Lessee upon the following terms and conditions, but subject to all the rights and remedies of the Vendor under the Security Document:

Section 1. Delivery and Acceptance of Units. The Lessor will cause each Unit to be tendered to the Lessee at the point or points within the United States of America

at which such Unit is delivered to the Lessor under the Security Document. Upon such tender, the Lessee will cause an authorized representative of the Lessee to inspect the same, and if such Unit is found to be in good order, to accept delivery of such Unit and execute and deliver to the Lessor and the Builder a certificate of acceptance and delivery (the "Certificate of Delivery"), whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease.

Section 2. Rental. Each Unit subject to this Lease shall be deemed to belong to the category specified in respect of such Unit in Schedule A hereto (each such category being hereinafter called a "Category"). The Lessee agrees to pay to the Lessor as rental for each Unit subject to this Lease 2 interim and 20 consecutive semiannual payments. The interim payments are payable on February 20, 1980, and the Cut-Off Date (as defined in the Participation Agreement) or as promptly thereafter as practicable. The semiannual payments are payable on February 20 and August 20 in each year, commencing August 20, 1980, to and including February 20, 1990. The interim payment on February 20, 1980, shall be in an amount equal to the sum of (i) the product of the Purchase Price (as such term is defined in the Security Document) for each Unit subject to the Lease multiplied by .0288194% for each day elapsed from and including the date such Unit is settled for under the Security Document to but not including February 20, 1980, plus (ii) an amount equal to the amount required by the Lessor to make the payment on February 20, 1980, provided for in clause (b) of the penultimate paragraph of Paragraph 9 of the Participation Agreement. The interim payment payable on the Cut-Off Date (or as promptly thereafter as practicable) shall be in an amount equal to the amount payable by the Owner Trustee to the Agent pursuant to clause (a) of the penultimate paragraph of Paragraph 9 of the Participation Agreement. The semiannual rental payments with respect to each Unit then subject to this Lease shall each be in an amount equal to the percentage, as set forth in Schedule C hereto in respect of the Category to which such Unit belongs, of the Purchase Price of each such Unit. The foregoing rental rates have been calculated on the assumption that 73.92% of the aggregate Purchase Price of all the Units have been provided by the Vendor out of Investors' Funds (as such term is defined in Paragraph 6 of the Participation Agreement) at the completion of settlement for such Units under the Security Document. If (i) for any reason the Investors'

Funds are not available and the Lessor will have paid more than 26.08% of the aggregate Purchase Price of all the Units pursuant to the third paragraph of Article 3 of the Security Document at the completion of settlement for such Units under the Security Document, (ii) the Reconstruction Cost (as defined in the Security Document) of all units of each Category settled for under the Security Document is other than that percentage of the Purchase Price of such Units of such Category as set forth below:

<u>Category of Units</u>	<u>Percentage of Purchase Price</u>
10	76.89
11	73.36
12	73.76
13	75.54
14	75.68

or (iii) any Unit is delivered and accepted under the Security Document after December 31, 1979, the Lessor and the Lessee agree that the rentals payable hereunder and the Casualty Value percentages set forth in each Schedule B hereto will be appropriately adjusted in order that the Beneficiaries' after-tax return on and rate of recovery of investment and the annual net cash flows (computed on the same assumptions, including, without limitation, tax rates, as were utilized by the Beneficiaries in originally evaluating this transaction) will not be increased or decreased by reason thereof; provided, however, that the rentals and Casualty Value percentages, as so adjusted, shall be sufficient to satisfy the obligations of the Lessor under the Security Document, notwithstanding any limitation of liability contained therein.

If any of the rental payment dates referred to above is not a business day the rental payment otherwise payable on such date shall be payable on the next succeeding business day. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in New York, New York, or Salt Lake City, Utah, are authorized or obligated to remain closed.

The Lessor irrevocably instructs the Lessee to make, and the Lessee agrees to make, all the payments provided for in this Lease for the account of the Lessor or its assigns, in care of the Vendor at P. O. Box 30007, Salt Lake City, Utah 84125, Attention of Trust Division, Corporate

Trust Department, not later than 10:00 a.m., Salt Lake City time, on the date upon which such payments are due and payable. Such payments shall be accompanied by instructions to the Vendor, first, to apply such payments to satisfy the obligations of the Lessor under the Security Document, subject to the limitations contained in the last paragraph of Article 3 of the Security Document, and, second, so long as no event of default or event which with the lapse of time and/or demand provided for in the Security Document could constitute an event of default under the Security Document shall have occurred and be continuing, to pay any balance promptly to the Lessor at such place as the Lessor shall specify in writing. The Lessee agrees to make each payment provided for herein as contemplated by this paragraph in New York or Salt Lake City Clearing House funds by 10:00 a.m., local time, in the city where such payment is to be made.

This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, counterclaims, abatements, reductions or setoffs due or alleged to be due to, or by reason of, any past, present or future claims of the Lessee against the Lessor under this Lease or under the Security Document, or the Builder or the Vendor or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or failure of title of the Lessor to any of the Units or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against Lessee's use of all or any of the Units, the taking or requisitioning of any of the Units by condemnation or otherwise, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency, bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives

any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

Section 3. Term of Lease. The term of this Lease as to each Unit shall begin on the date of the delivery to and acceptance by the Lessee of such Unit and, subject to the provisions of Sections 6, 9 and 12 hereof, shall terminate on the date on which the final payment of rent in respect thereof is due hereunder.

Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights of the Vendor under the Security Document. If an event of default should occur under the Security Document, the Vendor may terminate this Lease (or rescind its termination), all as provided therein.

Section 4. Identification Marks. The Lessee, so long as this Lease shall remain in effect, will cause each Unit to be kept numbered with the road number set forth in Schedule A hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of such Unit, the legend required by Article 8 of the Security Document or other appropriate markings designated by the Vendor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect Lessor's and Vendor's title to and property in such Unit and the rights of the Lessor under this Lease and of the Vendor under the Security Document. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such legend shall have been so marked on both sides thereof and will replace promptly any such legend which may be removed, obliterated, defaced or destroyed. The Lessee will not change the road number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Vendor and the Lessor and filed, recorded and deposited by the Lessee in all public offices where this Lease and the Security Document shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Vendor and the Lessor an opinion of counsel to that effect and to the further effect

that such filing, recordation and deposit will protect the Vendor's and the Lessor's interests in such Units and that no filing, recording, depositing or giving of notice with or to any other Federal, state or local government or agency thereof is necessary to protect the interests of the Vendor and the Lessor in such Units.

Except as above provided, the Lessee, so long as this Lease shall remain in effect, will not allow the name of any person, association or corporation to be placed on the Units as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Units to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates on railroad equipment used by them of the same or a similar type for convenience of identification of their rights to use the Units as permitted under this Lease.

Section 5. Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor and the Beneficiary for collection or other charges and will be free of expense to the Lessor and the Beneficiary with respect to the amount of any local, state, Federal or foreign taxes (other than any United States Federal income tax and, to the extent that the Lessor or any Beneficiary receives credit therefor against its United States Federal income tax liability, any foreign income tax payable by said party in consequence of the receipt of payments provided herein and other than the aggregate of all state and city income taxes and franchise taxes measured by net income based on such receipts or gross receipts taxes other than gross receipts taxes in the nature of sales or use taxes, up to the amount of any such taxes which would be payable to the state and city in which the Lessor and the Beneficiary, respectively, has its principal place of business without apportionment to any other state or city, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided), assessments, documentary stamp taxes, or license fees and any charges, fines or penalties in connection therewith (hereinafter called impositions) now or hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or the Security Document, all of which impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all impositions which may be imposed

upon any Unit or for the use or operation thereof or upon the earnings arising therefrom or upon the Lessor solely by reason of its ownership thereof or on the Beneficiary solely by reason of its interest therein and will keep at all times all and every part of such Unit free and clear of all impositions which might in any way affect the title of the Lessor or the interest of the Beneficiary or result in a lien upon any such Unit; provided, however, that the Lessee shall be under no obligation to pay any impositions so long as it is contesting in good faith and by appropriate legal proceedings such impositions and the nonpayment thereof does not, in the advance opinion of the Lessor and/or the Beneficiary, adversely affect the title, property or rights of the Lessor or the interest of the Beneficiary hereunder or the Vendor under the Security Document. If any impositions shall have been charged or levied against the Lessor or the Beneficiary directly and paid by the Lessor or the Beneficiary, the Lessee shall reimburse such party on presentation of an invoice therefor.

In the event that the Lessor or the Beneficiary shall become obligated to make any payment to the Vendor pursuant to Article 5 of the Security Document not covered by the foregoing paragraph of this Section 5, the Lessee shall pay such additional amounts (which shall also be deemed impositions hereunder) to the Lessor and/or the Beneficiary as will enable the Lessor and/or the Beneficiary to fulfill completely its obligations pursuant to said Article 5.

In the event any reports with regard to impositions are required to be made on the basis of individual Units or otherwise, the Lessee will, where permitted to do so under applicable rules or regulations, make and timely file such reports in such manner as to show the interest of the Lessor and the Vendor in the Units as shall be satisfactory to the Lessor and the Vendor or, where not so permitted, will notify the Lessor and the Vendor of such requirement and will prepare and deliver such reports to the Lessor and the Vendor within a reasonable time prior to the time such reports are to be filed in such manner as shall be satisfactory to the Lessor and the Vendor.

In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any impositions, pursuant to this Section 5, such liability shall continue, notwithstanding the expiration of this Lease, until all such impositions are paid or reimbursed by the Lessee.

To the extent the Lessee may be prohibited by law from performing in its own name the duties required by this Section 5, the Lessor and the Beneficiary hereby authorize the Lessee to act in the Lessor's and/or the Beneficiary's own name and on the Lessor's and/or the Beneficiary's behalf; provided, however, that the Lessee shall indemnify and hold the Lessor and the Beneficiary harmless from and against any and all claims, costs, expenses, damages, losses and liabilities incurred in connection therewith as a result of, or incident to, any action by the Lessee pursuant to his authorization.

The Lessee shall, whenever reasonably requested by the Lessor or the Beneficiary, submit to the Lessor or the Beneficiary copies of returns, statements, reports, billings and remittances, or furnish other evidence satisfactory to the Lessor or the Beneficiary of the Lessee's performance of its duties under this Section 5. The Lessee shall also furnish promptly upon request such data as the Lessor or the Beneficiary reasonably may require to permit the Lessor's or the Beneficiary's compliance with the requirements of taxing jurisdictions.

It is the intention of the parties hereto that (i) the Lessee will treat the Units covered by this Lease as part of the mass of property used by the Lessee in its operations as a common carrier and for ad valorem tax purposes will report the same to the various states and localities where it is required to do so and will pay the requisite tax thereon, and (ii) neither the Owner Trustee nor the Beneficiary will be required so to report any such property or to pay any ad valorem taxes with respect thereto.

Section 6. Maintenance; Payment for Casualty Occurrences; Insurance. The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit which is subject to this Lease in good operating order, repair and condition.

In the event that any Unit shall be or become worn out, lost, stolen, destroyed or, in the opinion of the Lessee, irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise by the United States Government for a stated period which shall exceed the then remaining term of this Lease or for an indefinite period, but only when such indefinite period shall exceed the term of this Lease or by any other governmental entity resulting in loss of possession by the Lessee

for a period of 90 consecutive days or until the end of the term of this Lease (each such occurrence being hereinafter called a "Casualty Occurrence") prior to the return of such Unit in the manner set forth in Section 14 hereof, the Lessee shall, within thirty days after it shall have determined that such Unit has suffered a Casualty Occurrence, fully notify the Lessor and the Vendor in writing with respect thereto. Notwithstanding any such Casualty Occurrence, the Lessee shall continue making all payments provided for in this Lease in respect of such Unit until the rental payment date next succeeding such notice listed in Table 1 of that Schedule B hereto corresponding to the Category of such Unit. On such rental payment date the Lessee shall pay to the Lessor an amount equal to the rental payment or payments in respect of such Unit due and payable on such date plus an amount equal to the Casualty Value (as hereinafter defined) of such Unit as of the date of such payment in accordance with that Schedule B hereto corresponding to the Category of such Unit. Upon the making of all such payments by the Lessee in respect of any Unit, the rental for such Unit shall thereafter cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit. The Lessor hereby appoints the Lessee its agent, to dispose of any Unit suffering a Casualty Occurrence or any component thereof, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor.

The Casualty Value of each Unit as of the payment date on which payment is to be made as aforesaid shall be an amount equal to the sum of (a) that percentage of the Purchase Price of such Unit as is set forth in Table 1 of that Schedule B hereto corresponding to the Category of such Unit opposite such date with respect to such Unit plus (b) if applicable to such Unit, that percentage of the Reconstruction Cost thereof as set forth in Table 2 of said Schedule B with respect to such Unit; provided, however, that the Casualty Value percentages set forth in each Schedule B hereto apply only to Units delivered and accepted under the Security Document on or prior to December 31, 1979. With respect to any Unit delivered and accepted after December 31,

1979, the Lessor and the Lessee agree that the Casualty Value percentages set forth in the appropriate Schedule B hereto will be appropriately adjusted in order that the Beneficiaries' after-tax return on and rate of recovery of investment and the annual net cash flows (computed on the same assumptions, including, without limitation, tax rates, as were utilized by the Beneficiaries in originally evaluating this transaction) will not be increased or decreased by reason thereof; provided, however, that the Casualty Value percentages, as so adjusted, shall be sufficient to satisfy the obligations of the Lessor under the Security Document, notwithstanding any limitation of liability contained therein.

Whenever any Unit shall suffer a Casualty Occurrence at the end of the term of this Lease or after termination of this Lease and before such Unit shall have been returned in the manner provided in Section 13 hereof, the Lessee shall promptly and fully notify the Lessor with respect thereto and pay to the Lessor an amount equal to the Casualty Value of such Unit, which shall be an amount equal to the percentage of the Purchase Price of such Unit set forth opposite the last payment date in that Schedule B hereto corresponding to the Category of such Unit. Upon the making of any such payment by the Lessee in respect of any Unit (except in the case of the loss, theft or complete destruction of such Unit), the Lessor shall be entitled to recover possession of such Unit. The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering such Casualty Occurrence or any component thereof, at the best price obtainable on an "as is, where is" basis, and the Lessee accepts such appointment and agrees to use its best efforts to dispose of any such unit in such manner. Provided that the Lessee has previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor.

Except as hereinabove in this Section 6 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the responsibility for and risk of, any Casualty Occurrence to any Unit after delivery to and acceptance thereof by the Lessee hereunder.

The Lessee will, at all times prior to the return of the Equipment to the Lessor, at its own expense, cause to be carried and maintained property insurance in respect

of the Units at the time subject hereto, and public liability insurance, in amounts and against risks customarily insured against by the Lessee in respect of similar equipment owned by it, and the benefits thereof shall be payable to the Vendor, the Lessor and the Lessee, as their interests may appear, so long as the indebtedness, if any, evidenced by the Security Document shall not have been paid in full, and thereafter to the Lessor and the Lessee as their interests may appear. If the Lessor shall receive any insurance proceeds from insurance maintained by the Lessee pursuant hereto or condemnation payments in respect of a Unit suffering a Casualty Occurrence, the Lessor shall, subject to the Lessee having made payment of the Casualty Value in respect of such Unit, pay such proceeds or condemnation payments to the Lessee up to an amount equal to the Casualty Value with respect to a Unit paid by the Lessee and any balance of such proceeds or condemnation payments shall remain the property of the Lessor. All insurance proceeds received by the Lessor in respect of any Unit not suffering a Casualty Occurrence shall be paid to the Lessee upon proof satisfactory to the Lessor that any damage to such Unit in respect of which such proceeds were paid has been fully repaired.

Section 7. Annual Reports. On or before March 31 in each year, commencing with the calendar year 1980, the Lessee will cause to be furnished to the Lessor, the Vendor and the Beneficiary, an accurate statement, as of the preceding December 31, showing the amount, description and numbers of the Units (a) then leased hereunder and/or covered by the Security Document, (b) that have suffered a Casualty Occurrence during the preceding 12 months (or since the date of this Lease in the case of the first such statement) and (c) then undergoing repairs (other than running repairs) or then withdrawn from use pending such repairs and setting forth such other information regarding the condition and state of repair of the Units as the Lessor or the Vendor may reasonably request, and stating that, in the case of all Units repainted or repaired during the period covered by such statement, the markings required by Section 4 hereof and by Article 8 of the Security Document shall have been preserved or replaced. Each of the Lessor and the Vendor shall have the right at its sole cost, risk and expense, by its authorized representatives, to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor or the Vendor, as the case may be, may request during the continuance of this Lease.

Section 8. Disclaimer of Warranties; Compliance with Laws and Rules; Indemnification. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, EITHER UPON DELIVERY THEREOF TO THE LESSEE, OR OTHERWISE, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against the Builder under the provisions of Article 12 of the Security Document; provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation, or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Delivery shall be conclusive evidence as between the Lessee and the Lessor that all Units described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Lessor and the Vendor, to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all applicable laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American

Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units, and in the event that, prior to the expiration of this Lease or any renewal thereof, such laws or rules require any alteration, replacement, addition or modification of or to any part of any Unit, the Lessee will conform therewith at its own expense; provided, however, that the Lessee may at its own expense, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor or the Vendor, adversely affect the property or rights of the Lessor or the Vendor, respectively, under this Lease or under the Security Document. The Lessee, at its own cost and expense, may furnish additions, modifications and improvements to the Units during the term of this Lease provided that such additions, modifications and improvements are readily removable without causing material damage to the Units. The additions, modifications and improvements made by the Lessee under the first sentence of this paragraph shall be owned by the Lessor, and the additions, modifications and improvements made by the Lessee under the second sentence of this paragraph shall be owned by the Lessee. Upon or prior to the return of any Unit by the Lessee to the Lessor pursuant to Section 10 or 13 hereof, the Lessee agrees that it will, at its expense, remove any additions, modifications and improvements made by the Lessee pursuant to the second sentence of this paragraph without causing material damage to such Unit. In the event the Lessee shall make any alteration, replacement, addition or modification to any Unit pursuant to the first sentence of this paragraph (the "Alterations"), the Lessor agrees that it will include the cost thereof in its gross income for Federal income tax purposes. The Lessee agrees that, within 30 days after the close of any calendar year (or in the event the Lessor gives the Lessee written notice that the Beneficiary's taxable year closes on a date specified therein other than December 31, within 30 days after said date) in which the Lessee has made Alterations, the Lessee will give written notice thereof to the Lessor describing, in reasonable detail, the Alterations and specifying the cost thereof with respect to each Unit.

The Lessee agrees to indemnify, protect and hold harmless the Lessor, the Beneficiary and the Vendor (in

each case in their individual and fiduciary capacities) from and against all losses, damages, injuries, liabilities (including without limitation strict or absolute liabilities), claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, reasonable counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as a result of (i) the entering into or the performance of the Security Document, the Participation Agreement, the Hulk Purchase Agreement or this Lease, or any of the instruments or agreements referred to therein or herein or contemplated thereby or hereby, (ii) the ownership of any Hulk or any Unit, (iii) the ordering, acquisition, use, operation, condition, reconstruction, purchase, delivery, rejection, storage or return of any Hulk or any Unit, (iv) any accident in connection with the operation, use, condition, reconstruction, possession, storage or return of any Hulk or any Unit resulting in damage to property or injury or death to any person, except as otherwise provided in Section 13 of this Lease or (v) the transfer of title to the Equipment by the Vendor pursuant to any provision of the Security Document. The indemnities arising under this paragraph shall continue in full force and effect notwithstanding the delivery of the Equipment or the full payment and performance of all obligations under this Lease and the Hulk Purchase Agreement or the expiration or termination of the term of this Lease and/or the Hulk Purchase Agreement. Nothing in this Section 8 shall constitute a guarantee by the Lessee of the CSA Indebtedness of the Lessor under the Security Document (and as defined therein) or a guarantee of the residual value of any Unit.

The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than income tax returns) to be filed by the Lessor with any Federal, state or other regulatory authority by reason of the ownership by the Lessor or the Vendor of the Units or the leasing thereof to the Lessee.

Section 9. Default. If, during the continuance of this Lease, one or more of the following events (each such event being herein sometimes called an "Event of Default") shall occur:

A. default shall be made in the payment of any amount provided for in Sections 2, 6 or 12 hereof and

such default shall continue for 10 days;

B. the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or any interest therein, or of the right to possession of the Units, or any thereof;

C. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein or in the Participation Agreement and such default shall continue for 30 days after written notice from the Lessor or the Vendor to the Lessee specifying the default and demanding that the same be remedied;

D. a petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may hereafter be amended or under any other provision of Title 11 of the United States Code, as now constituted or as hereafter amended, shall be filed by or against the Lessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under the Security Document and this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed in such proceedings (whether or not subject to ratification) in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier or by the trustee in such proceedings in accordance with the provisions of 11 U.S.C. § 1168, or any successor provision as the same may hereafter be amended; or

E. any proceedings shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee under this Lease, the Participation Agreement or the Consent under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Les-

see hereunder, under the Participation Agreement or under the Consent), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease, under the Participation Agreement or under the Consent, as the case may be, shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier;

then, in any such case, the Lessor, at its option, may:

(a) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess, sell, operate, lease to others and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever and without any duty to account to the Lessee for such action or inaction or for any proceeds arising therefrom; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period

by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion, shall specify: (x) a sum, with respect to each Unit, equal to the excess of the present value, at the time of such termination, of the entire unpaid balance of all rental for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit, if such Unit is in Category 10, or to the end of the Extended Term (as defined in Section 12 hereof) as to such Unit, if such Unit is in any other Category, over the then present value of the rental which the Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 4.10% per annum discount, compounded semi-annually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated; or (y) an amount equal to the excess, if any, of the Casualty Value as of the rental payment date on or next preceding the date of termination over the amount the Lessor reasonably estimates to be the sales value of such Unit at such time; provided, however, that in the event the Lessor shall have sold any Unit, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clauses (x) and (y) of this part (b) with respect to such Unit, may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall pay to the Lessor on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Unit, as of the rental payment date on or next preceding the date of termination over the net proceeds of such sale.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder and agrees to make rental payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

Section 10. Return of Units upon Default. If this Lease shall terminate pursuant to Section 9 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Unit or Units have been interchanged to return the Unit or Units so interchanged) place such Units upon such storage tracks of the Lessee as the Lessor reasonably may designate;

(b) permit the Lessor to store such Units on such tracks at the risk of the Lessee for a period not exceeding 270 days without charge for insurance, rent or storage until such Units have been sold, leased or otherwise disposed of by the Lessor; and

(c) transport the same to any place on the lines of railroad operated by it or any of its affiliates or

to any connecting carrier for shipment, all as directed by the Lessor.

Each unit returned to the Lessor pursuant to this Section 10 shall comply with the requirements set forth in the penultimate sentence of the first paragraph of Section 13 hereof. The assembling, delivery, storage and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will, at its own cost and expense, maintain and keep the Equipment in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same.

All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after such termination, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which the per diem interchange rate for such Unit for each such day exceeds the actual earnings received by the Lessor on such Unit for each such day plus the amount of any interest payable by the Lessor for any day during such period which is due under the Security Document because of the Lessor's failure to pay principal or interest thereunder on the due date thereof.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 10, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney-in-fact of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whosoever shall be in possession of such Unit at the time.

Section 11. Assignment; Possession and Use. This Lease shall be assignable in whole or in part by the Lessor

without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. The Lessee hereby acknowledges notice of the assignment in respect of this Lease set forth in the Assignment of Lease and Agreement dated as of the date hereof, between the Lessor and the Vendor (a copy of which has been delivered to the Lessee), and agrees to make payments to the Vendor as provided therein. The rights of the Lessor hereunder (including, but not limited to, the rights under Sections 5, 6, 8 and 9 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of the Vendor as assignee thereunder in the manner and to the extent therein provided. In the event that, pursuant to such assignment and the rights of the Vendor thereunder and under the Security Document, the Vendor shall at any time cause this Lease to be terminated, the Lessee agrees that following the payment in full by the Vendee of the entire unpaid CSA Indebtedness together with interest thereon, the Vendee may enforce compliance by the Lessee with its covenants and agreements under this Lease.

So long as the Lessee shall not be in default under this Lease and no event of default exists under the Security Document, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease but, without the prior written consent of the Lessor and the Vendor, the Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them. The Lessee, at its own expense, will promptly pay or discharge or cause to be paid and duly discharged any and all sums claimed by any party which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance created by the Lessor or the Vendor after the date hereof or resulting from claims against the Lessor or the Vendor not related to the ownership of the Units), upon or with respect to any Unit or the interest of the Lessor, the Vendor or the Lessee therein, and will promptly discharge any such lien, charge, security interest or other encumbrance which arises. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of the next paragraph hereof.

Subject to the terms of this Lease, the Lessee shall be entitled to the possession of the Units and to the use

thereof by it or any affiliate upon lines of railroad owned or operated by it or any such affiliate or upon the lines of railroad over which the Lessee or any such affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such affiliate is regularly operated pursuant to contract, and also to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic and equipment, but only upon and subject to all the terms and conditions of this Lease, including the last paragraph of this Section 11, and the Security Document. The Lessee may receive and retain compensation for such use from other railroads so using any of the Units.

Nothing in this Section 11 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the railroad properties of the Lessee as an entirety or substantially as an entirety, provided that such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition, be in default under any provision of this Lease.

The Lessee agrees that during the term of this Lease, it will not assign any Unit to service involving the regular operation and maintenance thereof outside the United States of America.

Section 12. Extended Term; Renewal Option; Right of First Refusal. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may elect, by written notice delivered to the Lessor not less than six months prior to the end of the then current term of this Lease, to extend the term of this Lease in respect of all, but not less than all, the Units of Categories 11, 12, 13 and 14 (the "Extended Term Units") then covered by this Lease for one additional term commencing on the scheduled expiration of the original term for an extended term (the "Extended Term") in respect of the Units of Categories 11, 12, 13 and 14 as follows:

<u>Category of Units</u>	<u>Extended Term (Years)</u>
11	1
12	2
13	3
14	4

All terms and conditions of this Lease including, without limitation, the amount of rental with respect to the applicable Category and the semiannual payment dates, shall continue in force during such Extended Term.

In the event the Lessee has not given written notice on or before the date occurring six months prior to the scheduled expiration of the original term of this Lease to extend this Lease for the Extended Term (such event being hereinafter called a "Failure to Extend"), the Lessor shall use its best efforts to obtain bids for the purchase of the Extended Term Units. The Lessor shall certify to the Lessee in writing the amount of each bid received by the Lessor. The Lessee shall have the right, but shall be under no duty, to solicit bids for the sale of the Extended Term Units. Upon the expiration of the original term of this Lease, the Lessor shall sell the Extended Term Units without recourse or warranty, for cash, to whosoever shall have submitted the highest bid prior to such date, and thereupon the Lessee shall deliver the Units so sold to the purchaser in the condition specified in this Lease. The total sale price realized at any such sale shall be retained by the Lessor and, in addition, the Lessee shall pay to the Lessor the excess, if any, of (i) the Nonrenewal Payment for each such Unit (as such amount is specified in Schedule C hereof), over (ii) the sale price for such Units less any expenses incurred by the Lessor in connection with such sale.

Notwithstanding the foregoing, in the event of a Failure to Extend, upon satisfaction and discharge of all the Lessor's obligations under the RSCA in respect of the Extended Term Units, the Lessor may elect at any time prior to the expiration of the original term of this Lease not to sell the Extended Term Units and the Lessee shall deliver the Units to the Lessor at the expiration of the original term of this Lease in accordance with the terms of this Lease. In such event the Lessor shall arrange for the appraisal of the fair market value of the Extended Term Units by an independent appraiser who is mutually acceptable to the Lessor, the Lessee and the Vendor. The Lessee shall pay to the Lessor the excess, if any, of (i) the Nonrenewal Payment for such Units, over (ii) the appraised fair market value of such Units less the costs of appraisal.

Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may elect, by written notice delivered to the Lessor not less than six months prior to the scheduled expiration of (i) the original term of this Lease (in respect of the Units of Category 10) or the relevant Extended Term (in respect of the Extended Term Units), or (ii) the first fair market rental extended term hereof, to extend the terms of this Lease in respect of all, but not fewer than all, the Units of Category 10 or the Extended Term Units, as the case may be, covered by this Lease for an additional one-year period commencing on the scheduled expiration of (i) the original term of this Lease (in respect of the Units of Category 10) or the relevant Extended Term (in respect of the Extended Term Units), or (ii) the first fair market rental extended term of this Lease; provided, however, that the Lessee may not so elect to extend the term of this Lease for more than two such additional one-year periods, at a rental payable in semiannual payments, in an amount equal to the "Fair Market Rental" of such Units as of the commencement of such extended term, such semiannual payments to be made on February 20 and August 20 in each year of the applicable extended term. Fair Market Rental shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing lessee (other than (i) a lessee currently in possession or (ii) a used equipment dealer) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such value and in all cases Units shall be appraised as if the Lessee had maintained the same in accordance with Section 6 hereof.

If, after 50 days from the giving of notice by the Lessee of the Lessee's election to extend the term of this Lease pursuant to clause (c) of the preceding paragraph, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental of the Units, such rental shall be determined in accordance with the foregoing definition by the following procedure: If either party to such determination shall have given written notice to the other requesting determination of such value by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 20 days after such notice is given, each party shall appoint an independent appraiser within 25 days after such notice is given, and the two appraisers so appointed shall within 35

days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within 35 days after such notice is given, either party may apply, to make such appointment, to the American Arbitration Association, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Rental of the Units subject to the proposed extended term within 60 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of Fair Market Rental of the single appraiser appointed shall be final. If three appraisers shall be appointed, the determination of the appraiser which differs most from the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such latter average shall be final and binding upon the parties hereto as the Fair Market Rental. The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining Fair Market Rental and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby consents and agrees not to assert any judicial or other procedures. The expenses of the appraisal procedure shall be borne by the Lessee.

The Lessor agrees that (provided no default hereunder shall have occurred and be continuing) it will not, during the term of this Lease, including any renewals thereof, and for 180 days thereafter, sell any Unit or Units unless the Lessor shall have given the Lessee at least 30 business days' prior written notice of such sale, specifying the sale price and terms of such sale. During said 30 days, the Lessee shall have the opportunity to purchase such Unit or Units at the same price and on the same terms as specified in such notice.

Section 13. Return of Units upon Expiration of Term. As soon as practicable on or after the expiration of the original or any extended term of this Lease with respect to any Unit but in any event not later than 90 days after such expiration, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Unit to the Lessor upon such storage tracks of the Lessee or any of its affiliates as the Lessor may designate or, in the absence of such designation, as the Lessee may select and permit

the Lessor to store such Unit on such tracks for a period not exceeding three months and transport the same, at any time within such three-month period, to any connecting carrier for shipment, all as directed by the Lessor, the movement and storage of such Unit to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of any Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. Each Unit returned to the Lessor pursuant to this Section 13 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear excepted, (ii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable, and/or the applicable rules of any governmental agency or other organization with jurisdiction and (iii) have removed therefrom by the Lessee without cost or expense to the Lessor all additions, modifications and improvements which the Lessee owns pursuant to the second sentence of the second paragraph of Section 8 hereof. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units.

All amounts earned in respect of the Units after the end of the term of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after the end of the term of this Lease, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which the per diem interchange rate for such Unit for each such day exceeds the actual earnings received by the Lessor on such Unit for each such day.

Section 14. Severability. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction, shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without

invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 15. Recording; Expenses. The Lessee, at its own expense, will cause this Lease, the Security Document and any assignment hereof or thereof to be filed and recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. § 11303. The Lessee will undertake the filing, recording and depositing and refiling, rerecording and redepositing required of the Lessor under the Security Document and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record and deposit (and will refile, reregister, rerecord or redeposit whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Vendor for the purpose of proper protection, to their satisfaction, of the Vendor's and the Lessor's respective interests in the Units, or for the purpose of carrying out the intention of this Lease or the assignment hereof to the Vendor, or the Security Document; and the Lessee will promptly furnish to the Vendor and the Lessor evidences of all such filing, registering, recording or depositing, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Vendor and the Lessor. This Lease and the Security Document shall be filed and recorded with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any unit.

Section 16. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations when due hereunder shall result in the obligation on the part of the Lessee promptly to pay also an amount equal to 11-3/8% per annum of the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

Section 17. Notices. Any instruction or notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when delivered to it or deposited in the United States mails, first-class postage prepaid, addressed as follows:

if to the Lessor, at 79 South Main Street, Salt Lake City, Utah 84111, Attention of Trust Division, Corporate Trust Department, with a copy to each Beneficiary,

if to the Lessee, (i) if delivered by hand, at 908 West Broadway, Louisville, Kentucky 40201 and (ii) if mailed, at P. O. Box 32290, Louisville, Kentucky 40232,

if to the Vendor, at 79 South Main Street, Salt Lake City, Utah 84111, Attention of Trust Division, Corporate Trust Department,

if to the Beneficiary, at Three Gateway Center, Pittsburgh, Pennsylvania 15222, Attention of Manager of Lease Operations,

or addressed to any such party at such other address as such party shall hereafter furnish to the other party in writing. Copies of each such notice shall be given to the Vendor as hereinabove provided.

Section 18. Effect and Modification of Lease.

Except for the Participation Agreement and the Indemnity Agreements dated as of the date hereof between the Lessee and the Beneficiary, this Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Lessor and the Lessee.

Section 19. Execution. This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Lessor shall be deemed to be the original counterpart. It shall not be necessary that any counterpart be signed by both parties so long as each party shall sign at least one counterpart. This Lease shall be valid, binding and effective at such time as the Vendor shall have received (or as to which the Vendor shall have received attested telegraphic communication confirming execution of) counterparts executed by the Lessor and the Lessee. Although this Lease is dated as of the date first set forth above for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

Section 20. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be

governed by the laws of the Commonwealth of Kentucky; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

Section 21. Immunities; No Recourse. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, covenants, undertakings and agreements by the Lessor in its individual capacity, or for the purpose or with the intention of binding the Lessor personally, but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Lease is executed and delivered by the Lessor solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and except in the case of gross negligence or wilful misconduct, no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the Lessor on account of any representation, covenant, undertaking or agreement herein of the Lessor, either express or implied, all such personal liability, if any, being expressly waived and released by the Lessee.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused this instrument to be executed in their respective corporate names by duly authorized officers, and their respective corporate seals to be hereunto affixed and duly attested, all as of the date first above written.

FIRST SECURITY STATE BANK, not in its individual capacity but solely as Owner Trustee,

by

[Corporate Seal]

Authorized Officer

Attest:

Authorized Officer

LOUISVILLE AND NASHVILLE RAILROAD
COMPANY,

by

[Corporate Seal]

Assistant Vice President

Attest:

Assistant Secretary

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY STATE BANK, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission expires

COMMONWEALTH OF KENTUCKY,)
COUNTY OF JEFFERSON,)

: SS.:
:

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is Assistant Vice President of LOUISVILLE AND NASHVILLE RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that such instrument was this day signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission expires

SCHEDULE A

<u>Quantity*</u>	<u>AAR Mechanical Designation</u>	<u>Description</u>	<u>L&N* Railroad Road Numbers (Inclusive)</u>	<u>Category</u>	<u>Builder's Specification Number</u>
93	XL	50-Ton Box Cars	96396-96488	10	L&N 79-1
50	LO	70-Ton Covered Hopper Cars to Ballast Cars	45151-45200	10	L&N 79-6
33	LP	50-Ton Pulpwood to Welded Rail Cars	42901-42933	10	L&N 79-7
158	GB	70-Ton Gondola Cars	27406-27445 27766-27779 28573-28600 29042-29051 29500-29565	11	L&N 79-3
9	GB	100-Ton Gondola Cars	27665-27673	11	L&N 79-3
3	GBS	100-Ton Gondola Cars	27980-27982	11	L&N 79-3
11	FB	70-Ton Bulkhead Flat Cars	990603-990609 990834, 991006-991008	12	L&N 79-5
9	FB	100-Ton Bulkhead Flat Cars	990311-990316 990402-990403 990502	12	L&N 79-5
105	XL	70-Ton Box Cars	112417-112521	13	L&N 79-1

<u>Quantity*</u>	<u>AAR Mechanical Designation</u>	<u>Description</u>	<u>L&N* Railroad Road Numbers (Inclusive)</u>	<u>Category</u>	<u>Builder's Specification Number</u>
20	XM	70-Ton Box Cars	112821-112840	13	L&N 79-1
4	XP	70-Ton Box Cars	99686, 104452-104454	13	L&N 79-1
75	HT	70-Ton Open-Top Hoppers	76450-76524	13	L&N 79-2
36	XM	50-Ton Box Cars	110252-110287	14	L&N 79-1
8	XL	50-Ton Box Cars	111879-111886	14	L&N 79-1
34	XL	100-Ton Box Cars	114035-114068	14	L&N 79-1
5	XP	100-Ton Box Cars	113962, 104450-104451 114300-114301	14	L&N 79-1
64	HT	80-Ton Open-Top Hoppers	189494-189557	14	L&N 79-2
21	HT	100-Ton Open-Top Hoppers	192090-192110	14	L&N 79-2

<u>Quantity*</u>	<u>AAR Mechanical Designation</u>	<u>Description</u>	<u>L&N* Railroad Road Numbers (Inclusive)</u>	<u>Category</u>	<u>Builder's Specification Number</u>
40	LO	100-Ton Covered Hopper Cars	205180-205215 205998 250517-250519	14	L&N 79-4

* Although this Schedule A sets forth the description of 778 Units, the Lease to which this Schedule is attached will cover only those Units which are delivered and accepted under the Reconstruction and Conditional Sale Agreement dated as of the date hereof, among First Security Bank of Utah, N.A., as Agent, L&N Investment Corporation and First Security State Bank, as trustee under a Trust Agreement dated as of the date hereof with Westinghouse Credit Corporation. Following completion of deliveries, this Schedule A will be amended to delete from the description those Units not covered.

SCHEDULE B-1

Casualty Value Percentages Schedule
in Respect of Units of Category 10

Table 1

<u>Rental No.</u>	<u>Rental Payment Date</u>	<u>Percentage of Purchase Price for each Unit</u>
Interim	2/20/80	89.0204
1	8/20/80	87.9710
2	2/20/81	86.0512
3	8/20/81	84.0374
4	2/20/82	81.9184
5	8/20/82	79.5989
6	2/20/83	77.0526
7	8/20/83	74.3032
8	2/20/84	71.3280
9	8/20/84	68.1594
10	2/20/85	64.7801
11	8/20/85	61.2147
12	2/20/86	57.4512
13	8/20/86	53.5085
14	2/20/87	49.3797
15	8/20/87	45.0821
16	2/20/88	40.6144
17	8/20/88	35.9900
18	2/20/89	31.2137
19	8/20/89	26.2952
20	2/20/90, and thereafter	20.0000

Table 2

The percentages set forth in Table 1 of this Schedule B-1 have been computed without regard to recapture of the Investment Credit (as defined in the Indemnity Agreements dated as of the date hereof, between the Lessee and each Beneficiary). Consequently, the Casualty Value of any Unit suffering a Casualty Occurrence on or before the third, fifth or seventh anniversary of the date of delivery and acceptance of such Unit shall be increased by the applicable percentage

of the Reconstruction Cost set forth below:

<u>Anniversary of Delivery and Acceptance</u>	<u>Percentage of Reconstruction Cost</u>
Third	19.2308
Fifth	12.8206
Seventh	6.4103

SCHEDULE B-2

Casualty Value Percentages Schedule
in Respect of Units of Category 11

Table 1

<u>Rental No.</u>	<u>Rental Payment Date</u>	<u>Percentage of Purchase Price for each Unit</u>
Interim	2/20/80	89.8217
1	8/20/80	89.1653
2	2/20/81	87.6540
3	8/20/81	86.0464
4	2/20/82	84.3276
5	8/20/82	82.4132
6	2/20/83	80.2743
7	8/20/83	77.9385
8	2/20/84	75.3804
9	8/20/84	72.6350
10	2/20/85	69.6827
11	8/20/85	66.5501
12	2/20/86	63.2226
13	8/20/86	59.7210
14	2/20/87	56.0356
15	8/20/87	52.1859
16	2/20/88	48.1674
17	8/20/88	43.9964
18	2/20/89	39.6740
19	8/20/89	35.2128
20	2/20/90	30.6202
21	8/20/90	25.9051
22	2/20/91, and thereafter	20.0000

Table 2

The percentages set forth in Table 1 of this Schedule B-2 have been computed without regard to recapture of the Investment Credit (as defined in the Indemnity Agreements dated as of the date hereof, between the Lessee and each Beneficiary). Consequently, the Casualty Value of any Unit suffering a Casualty Occurrence on or before the third, fifth or seventh anniversary of the date of delivery and acceptance of such Unit shall be increased by the applicable percentage

of the Reconstruction Cost set forth below:

<u>Anniversary of Delivery and Acceptance</u>	<u>Percentage of Reconstruction Cost</u>
Third	19.2308
Fifth	12.8206
Seventh	6.4103

SCHEDULE B-3

Casualty Value Percentages Schedule
in Respect of Units of Category 12

Table 1

<u>Rental No.</u>	<u>Rental Payment Date</u>	<u>Percentage of Purchase Price for each Unit</u>
Interim	2/20/80	90.5351
1	8/20/80	90.2807
2	2/20/81	89.1364
3	8/20/81	87.8991
4	2/20/82	86.5513
5	8/20/82	85.0083
6	2/20/83	83.2372
7	8/20/83	81.2702
8	2/20/84	79.0785
9	8/20/84	76.7012
10	2/20/85	74.1154
11	8/20/85	71.3514
12	2/20/86	68.3916
13	8/20/86	65.2606
14	2/20/87	61.9455
15	8/20/87	58.4698
16	2/20/88	54.8262
17	8/20/88	51.0347
18	2/20/89	47.0940
19	8/20/89	43.0206
20	2/20/90	38.8192
21	8/20/90	34.5031
22	2/20/91	30.0835
23	8/20/91	25.5702
24	2/20/92, and thereafter	20.0000

Table 2

The percentages set forth in Table 1 of this Schedule B-3 have been computed without regard to recapture of the Investment Credit (as defined in the Indemnity Agreements dated as of the date hereof, between the Lessee and each Beneficiary). Consequently, the Casualty Value of any Unit suffering a Casualty Occurrence on or before the third, fifth or seventh anniversary¹ of the date of delivery and acceptance of such Unit shall be increased by the applicable percentage

of the Reconstruction Cost set forth below:

<u>Anniversary of Delivery and Acceptance</u>	<u>Percentage of Reconstruction Cost</u>
Third	19.2308
Fifth	12.8206
Seventh	6.4103

SCHEDULE B-4

Casualty Value Percentages Schedule
in Respect of Units of Category 13

Table 1

<u>Rental No.</u>	<u>Rental Payment Date</u>	<u>Percentage of Purchase Price for each Unit</u>
Interim	2/20/80	90.8723
1	8/20/80	91.0664
2	2/20/81	90.2797
3	8/20/81	89.4059
4	2/20/82	88.4247
5	8/20/82	87.2427
6	2/20/83	85.8213
7	8/20/83	84.1988
8	2/20/84	82.3411
9	8/20/84	80.2936
10	2/20/85	78.0288
11	8/20/85	75.5829
12	2/20/86	72.9340
13	8/20/86	70.1123
14	2/20/87	67.1014
15	8/20/87	63.9302
16	2/20/88	60.5886
17	8/20/88	57.1020
18	2/20/89	53.4667
19	8/20/89	49.7048
20	2/20/90	45.8195
21	8/20/90	41.8293
22	2/20/91	37.7450
23	8/20/91	33.5816
24	2/20/92	29.3579
25	8/20/92	25.1202
26	2/20/93, and thereafter	20.0000

Table 2

The percentages set forth in Table 1 of this Schedule B-4 have been computed without regard to recapture of the Investment Credit (as defined in the Indemnity Agreements dated as of the date hereof, between the Lessee and each

Beneficiary). Consequently, the Casualty Value of any Unit suffering a Casualty Occurrence on or before the third, fifth or seventh anniversary of the date of delivery and acceptance of such Unit shall be increased by the applicable percentage of the Reconstruction Cost set forth below:

<u>Anniversary of Delivery and Acceptance</u>	<u>Percentage of Reconstruction Cost</u>
Third	19.2308
Fifth	12.8206
Seventh	6.4103

SCHEDULE B-5

Casualty Value Percentages Schedule
in Respect of Units of Category 14

Table 1

<u>Rental No.</u>	<u>Rental Payment Date</u>	<u>Percentage of Purchase Price for each Unit</u>
Interim	2/20/80	91.3731
1	8/20/80	91.9518
2	2/20/81	91.4619
3	8/20/81	90.8864
4	2/20/82	90.2013
5	8/20/82	89.3067
6	2/20/83	88.1578
7	8/20/83	86.7988
8	2/20/84	85.1895
9	8/20/84	83.3814
10	2/20/85	81.3416
11	8/20/85	79.1116
12	2/20/86	76.7059
13	8/20/86	74.1694
14	2/20/87	71.5014
15	8/20/87	68.6949
16	2/20/88	65.7429
17	8/20/88	62.6377
18	2/20/89	59.3714
19	8/20/89	55.9357
20	2/20/90	52.3218
21	8/20/90	48.5454
22	2/20/91	44.6568
23	8/20/91	40.6910
24	2/20/92	34.6659
25	8/20/92	32.6357
26	2/20/93	28.6362
27	8/20/93	24.6788
28	2/20/94, and thereafter	20.0000

Table 2

The percentages set forth in Table 1 of this Schedule B-5 have been computed without regard to recapture of the

Investment Credit (as defined in the Indemnity Agreements dated as of the date hereof, between the Lessee and each Beneficiary). Consequently, the Casualty Value of any Unit suffering a Casualty Occurrence on or before the third, fifth or seventh anniversary of the date of delivery and acceptance of such Unit shall be increased by the applicable percentage of the Reconstruction Cost set forth below:

<u>Anniversary of Delivery and Acceptance</u>	<u>Percentage of Reconstruction Cost</u>
Third	19.2308
Fifth	12.8206
Seventh	6.4103

SCHEDULE C

<u>Category of Units</u>	<u>Semiannual rental factor (as percentage of Purchase Price)</u>	<u>Nonrenewal Payment factor* (as percentage of Purchase Price)</u>
10	6.2076	--
11	5.8915	31.3313 30.6202
12	5.6439	29.4915 38.8192
13	5.4183	46.6581 45.8193
14	5.2615	53.1186 52.3218

all

* The Nonrenewal Payment for any Unit is equal to the Non-renewal Payment factor multiplied by the Purchase Price of such Unit.

EXHIBIT C
to the
RECONSTRUCTION
AND CONDITIONAL
SALE AGREEMENT

[CS&M Ref: 2043-904]

ASSIGNMENT OF LEASE AND AGREEMENT

Dated as of April 2, 1979

between

FIRST SECURITY STATE BANK,
not in its individual capacity but solely as Owner Trustee

and

FIRST SECURITY BANK OF UTAH, N.A.,
not in its individual capacity but solely
as Agent

ASSIGNMENT OF LEASE AND AGREEMENT

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ASSIGNMENT OF LEASE AND AGREEMENT dated as of April 2, 1979, by and between FIRST SECURITY STATE BANK, not in its individual capacity but solely as Trustee under a Trust Agreement dated as of the date hereof (the "Lessor" or the "Vendee") with WESTINGHOUSE CREDIT CORPORATION (the "Beneficiary") and FIRST SECURITY BANK OF UTAH, N.A., not in its individual capacity but solely as Agent (the "Vendor"), under a Participation Agreement No. 2 dated as of the date hereof.

The Vendee and the Vendor are entering into a Reconstruction and Conditional Sale Agreement dated as of the date hereof (the "Security Document"), with L&N Investment Corporation providing for the sale to the Vendee of the interest of the Vendor in such units of railroad equipment (the "Units") described in Schedule A thereto as are delivered to and accepted by the Vendee thereunder.

The Lessor and Louisville and Nashville Railroad Company (the "Lessee") have entered into a Lease of Railroad Equipment dated as of the date hereof (hereinafter called the "Lease"), providing for the leasing by the Lessor to the Lessee of the Units.

In order to provide security for the obligations of the Lessor under the Security Document and as an inducement to the Vendor to invest in the CSA Indebtedness (as that term is defined in the Security Document), the Lessor has agreed to assign for security purposes its rights in, to and under the Lease to the Vendor.

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. The Lessor hereby assigns, transfers and sets over unto the Vendor, as collateral security for the payment and performance of the obligations of the Lessor as Vendee under the Security Document, all the Lessor's right, title and interest, powers, privileges, and other benefits under the Lease, including, without limitation, the immediate right to receive and collect all rentals, profits and other sums

payable to or receivable from the Lessee by the Lessor and, pursuant to Section 5 or 8 of the Lease, by any Beneficiary, under or pursuant to the provisions of the Lease whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called the "Payments"), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Lessor is or may become entitled to do under the Lease; provided, however, that the term Payments as used herein shall not be deemed to include, at any time before an Event of Default under the Lease shall have occurred and be continuing, payments by the Lessee to any Beneficiary pursuant to Section 5 or 8 of the Lease. In furtherance of the foregoing assignment, the Lessor hereby irrevocably authorizes and empowers the Vendor in its own name, or in the name of its nominee, or in the name of the Lessor or as its attorney, to ask, demand, sue for, collect and receive any and all sums to which the Lessor is or may become entitled under the Lease, and to enforce compliance by the Lessee with all the terms and provisions thereof.

The Vendor agrees to accept any Payments made by the Lessee for the account of the Lessor pursuant to Section 2 of the Lease. To the extent received, the Vendor will apply such Payments to satisfy the obligations of the Lessor under the Security Document, and to provide for the payments required to be made by the Lessor to the Vendor pursuant to the last paragraph of Paragraph 9 of the Participation Agreement under which the Vendor is acting as Agent, and so long as no event of default (or event which, with notice or lapse of time, or both, could constitute an event of default) under the Security Document shall have occurred and be continuing, any balance shall be paid promptly to the Lessor not later than the first business day following such receipt at such place as the Lessor shall specify in writing. If the Vendor shall not receive any rental payment under the first paragraph of Section 2 of the Lease when due, the Vendor shall notify the Lessor at the address set forth in the Lease; provided, however, that the failure of the Vendor to so notify the Lessor shall not affect the obligations of the Lessor hereunder or under the Security Document.

2. This Assignment is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Vendor to, or transfer, or pass,

or in any way affect or modify the liability of the Lessor under the Lease, it being understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Lessor to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Lessor or persons other than the Vendor.

3. To protect the security afforded by this Assignment the Lessor agrees that, without the written consent of the Vendor, the Lessor will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease and the Lessor agrees that any amendment, modification or termination thereof without such consent shall be void; provided, however, that the Lessor may amend or supplement the Lease to provide for an increase or decrease of amounts due as rentals under Section 2 thereof and/or Casualty Values under Section 6 thereof provided that no such decrease shall reduce said amounts below that which are necessary to satisfy the obligations of the Lessor under the Security Document, notwithstanding any limitation of liability of the Lessor contained therein.

4. The Lessor does hereby constitute the Vendor the Lessor's true and lawful attorney, irrevocably, with full power (in the name of the Lessor, or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all Payments due and to become due under or arising out of the Lease to which the Lessor is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which the Vendor may deem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all the Lessor's obligations under the Security Document and the Participation Agreement, this Assignment and all rights herein assigned to the Vendor shall terminate, and all estate, right, title and interest of the Vendor in and to the Lease shall revert to the Lessor.

6. If an event of default under the Security Document shall occur and be continuing, the Vendor may declare all sums secured hereby immediately due and payable and may apply all such sums against the amounts due and payable under the Security Document.

7. The Lessor will, from time to time, do and perform any other act and will execute, acknowledge, deliver and file, register, deposit and record (and will refile, reregister, rerecord or redeposit whenever required) any and all further instruments required by law or reasonably requested by the Vendor in order to confirm or further assure, the interests of the Vendor hereunder.

8. The Vendor may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Vendor hereunder.

9. The Lessor will pay and discharge any and all claims, liens, charges or security interests (other than created by the Security Document) on the Lease or the rentals or other payments due or to become due thereunder claimed by any party from, through or under the Lessor, or its successors and assigns (other than the Vendor), not arising out of the transactions contemplated by the Security Document or the Lease (but including tax liens arising out of the receipt of the income and proceeds from the Units) which, if unpaid, might become a claim, lien, charge or security interest on or with respect to the Lease or such rentals or other payments equal or superior to the Vendor's interest therein, unless the Lessor shall be contesting the same in good faith by appropriate proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect such interests of the Vendor.

10. This Assignment shall be governed by the laws of the State of Utah, but the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

11. The Lessor shall cause copies of all notices received in connection with the Lease and all payments hereunder to be promptly delivered or made to the Vendor at its

address set forth in Article 20 of the Security Document, or at such other address as the Vendor shall designate.

12. The Vendor hereby agrees with the Lessor that the Vendor will not, so long as no Event of Default under the Lease or event of default under the Security Document has occurred and is continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits which are assigned and transferred by the Lessor to the Vendor by this Assignment, except the right to receive and apply the Payments as provided in Paragraph 1 hereof, and that, subject to the terms of the Lease and the Security Document, the Lessor may, so long as no event of default under the Security Document or Event of Default under the Lease has occurred and is continuing, exercise or enforce, or seek to exercise or enforce or avail itself of, such rights, powers, privileges, authorizations or benefits.

13. Notwithstanding any other provision of this Assignment (including, but not limited to, any provision of the first paragraph of Paragraph 1 and Paragraph 3 hereof), (a) the terms of this Assignment shall not impose any obligations on the Lessor in addition to the obligations of the Lessor under the Lease or under the Security Document or in any way limit the effect of the last paragraph of Article 3 of the Security Document, Article 21 of the Security Document or Section 22 of the Lease, (b) so long as there is no event of default under the Security Document, and to the extent that the Vendor does not seek to receive and collect any Payments under the Lease in excess of the amounts required to discharge the obligations of the Lessor under the Security Document, the terms of this Assignment shall not limit or in any way affect the Lessor's right to receive and collect any Payments under the Lease in excess of the obligations of the Lessor under the Security Document, or empower the Vendor in any way to waive or release the Lessee's obligation to pay such excess amounts, and the Lessor shall continue to be empowered to ask, demand, sue for, collect and receive any and all of such excess amounts, but shall not take any action under subparagraph (b) of Section 9 of the Lease without the written consent of the Vendor and (c) each and all of the representations, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, undertakings and agreements by the Lessor in its individual capacity or for the purpose or with the intention of binding the Lessor

personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Assignment is executed and delivered by the Lessor solely in the exercise of the powers expressly conferred upon the Lessor as trustee under the Trust Agreement, and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the Lessor, except for wilful misconduct or gross negligence, or against the Beneficiary under the Trust Agreement or on account of any representation, undertaking or agreement herein of the Lessor, either expressed or implied, all such personal liability, if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor; provided, however, that the Vendor or any person claiming by, through or under it, making claim hereunder, may look to said Trust Estate for satisfaction of the same.

14. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument. It shall not be necessary that any counterpart be signed by both parties so long as each party shall sign at least one counterpart. This Assignment shall be valid, binding and effective at such time as the Vendor shall have executed a counterpart and received (or as to which the Vendor shall have received attested telegraphic communication confirming execution of) a counterpart executed by the Lessor.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective corporate names by officers thereunto duly authorized, and their respective corporate seals to be affixed and duly attested, all as of the date first above written.

FIRST SECURITY STATE BANK,
not in its individual capacity
but solely as Trustee,

[Corporate Seal]

by

Attest:

Authorized Officer

Authorized Officer

FIRST SECURITY BANK OF UTAH, N.A.,
not in its individual capacity
but solely as Agent,

by

Authorized Officer

[Corporate Seal]

Attest:

Authorized Officer

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY STATE BANK, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission expires

[illegible]

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, N.A., that one of the seals affixed to the foregoing instrument is the seal of said national banking association, that said instrument was signed and sealed on behalf of said national banking association by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national banking association.

Notary Public

[Notarial Seal]

My Commission expires

LESSEE'S CONSENT AND AGREEMENT

The undersigned, LOUISVILLE AND NASHVILLE RAILROAD COMPANY, a corporation duly incorporated under the laws of the Commonwealth of Kentucky, the Lessee (the "Lessee") named in the Lease (the "Lease") referred to in the foregoing Assignment of Lease and Agreement (the "Assignment"), hereby (a) acknowledges receipt of a copy of the Assignment and (b) consents to all the terms and conditions of the Assignment and agrees that:

(1) it will pay all rentals, casualty payments, liquidated damages, indemnities (except as otherwise provided in the proviso in the first paragraph of Paragraph 1 of the Assignment) and other moneys provided for in the Lease directly to First Security Bank of Utah, N.A., not in its individual capacity but solely as Agent (the "Vendor"), the assignee named in the Assignment, at P.O. Box 30007, Salt Lake City, Utah 84125, Attention of Trust Division, Corporate Trust Department (or at such other address as may be furnished in writing to the undersigned by the Vendor);

(2) the Vendor shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the undersigned under the Lease as though the Vendor were named therein as the Lessor;

(3) the Vendor shall not, by virtue of the Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease or otherwise; and

(4) the Lease shall not, without the prior written consent of the Vendor, be amended, terminated or modified, nor shall any action be taken or omitted by the undersigned, the taking or omission of which might result in an alteration or impairment of the Lease or this Consent and Agreement or of any of the rights created by any thereof.

This Consent and Agreement may be executed in several counterparts, each of which when so executed shall be deemed an original, and such counterparts together shall constitute one and the same instrument. It shall not be necessary that any counterpart be signed by both the Lessee and

the Vendor so long as the Lessee and Vendor each shall sign at least one counterpart. This Consent and Agreement shall be valid, binding and effective at such time as the Vendor shall have executed a counterpart and shall have received (or as to which the Vendor shall have received attested telegraphic communication confirming execution of) a counterpart executed by the Lessee.

This Consent and Agreement, when executed as aforesaid by the Lessee and when accepted as aforesaid by the Vendor, shall be deemed to be a contract under the laws of the Commonwealth of Kentucky and, for all purposes, shall be construed in accordance with the laws of said State.

Dated as of April 2, 1979

LOUISVILLE AND NASHVILLE
RAILROAD COMPANY,

by

[Corporate Seal]

Assistant Vice President

Attest:

Assistant Secretary

The foregoing Consent and Agreement is hereby accepted, as of the 2nd day of April 1979.

FIRST SECURITY BANK OF UTAH, N.A.,
not in its individual capacity
but solely as Agent,

by

[Corporate Seal]

Authorized Officer

Attest:

Authorized Officer

COMMONWEALTH OF KENTUCKY,)
) ss.:
COUNTY OF JEFFERSON,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is Assistant Vice President of LOUISVILLE AND NASHVILLE RAILROAD COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notary Seal]

My Commission expires

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, N.A., that one of the seals affixed to the foregoing instrument is the corporate seal of said national banking association, that said instrument was signed and sealed on behalf of said national banking association by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national banking association.

Notary Public

[Notary Seal]

My Commission expires

EXHIBIT D TO THE
RECONSTRUCTION AND
CONDITIONAL SALE AGREEMENT

HULK PURCHASE AGREEMENT

Louisville and Nashville Railroad Company

First Security State Bank
79 South Main Street
Salt Lake City, Utah 84111
Attention of Trust Division,
Corporate Trust Department

As of April 2, 1979

Gentlemen:

Louisville and Nashville Railroad Company, a corporation organized under the laws of Kentucky (the "Seller"), owns the railroad equipment described in Exhibit A hereto (collectively the "Hulks" and individually a "Hulk"). The Seller desires to sell the Hulks and First Security State Bank (the "Buyer"), acting not in its individual capacity but solely as trustee for trustors under a Trust Agreement dated as of the date hereof, desires to purchase the Hulks for the Purchase Price set forth in Exhibit A (the "Purchase Price").

The Seller will, from time to time, prior to delivery thereof to the Builder for reconstruction, as provided in the Reconstruction and Conditional Sale Agreement (the "RCSA") dated as of the date hereof among the Buyer, First Security Bank of Utah, N.A., not in its individual capacity but solely as agent (the "Agent") under a Participation Agreement No. 1 (the "Participation Agreement") dated as of the date hereof, and L&N Investment Corporation (the "Builder"), deliver to the Buyer a Bill or Bills of Sale transferring title to a group of Hulks and warranting that at the date of such Bill or Bills of Sale the Seller had legal title to such Hulks and good and lawful right to sell the same and that title to such Hulks transferred to the Buyer by such Bill or Bills of Sale was free of all claims, liens, security interests, security titles and other encumbrances of any nature whatsoever except for the encumbrances expressly set forth in the Hulk Encumbrance

Certificate (as hereinafter provided) and a Hulk Encumbrance Certificate dated as of the date of such Bill or Bills of Sale. On or after the date of such Bill or Bills of Sale, the Seller will deliver the Hulks in such group to an authorized representative of the Buyer at such point or points within the United States of America as shall be specified by the Seller. The sale and delivery of the Hulks pursuant to this Agreement shall commence as soon as practicable and shall be completed on or before such date as shall permit the completion of reconstruction of each Hulk by February 12, 1980.

Notwithstanding anything to the contrary contained herein, the Buyer shall have no obligation to accept any Hulk, or to pay the Purchase Price therefor, which is delivered hereunder after (i) any event of default as defined in Article 14 of the RCSA or any event (including the commencement of any proceeding or the filing of any petition of the nature specified in subparagraphs (c) and (d) of Article 14 thereof) which, with lapse of time, failure to take affirmative action and/or demand, could constitute an event of default thereunder shall have occurred, (ii) the Buyer shall have delivered written notice to the Seller that any of the conditions contained in Paragraph 7 of the Participation Agreement have not been met or waived, or (iii) the sum of (a) the difference between (1) the aggregate Purchase Price for all Hulks theretofore delivered and accepted hereunder plus the aggregate Reconstruction Cost therefor under the RCSA and (2) the aggregate amount of funds theretofore disbursed by the Agent from amounts constituting Available Investor Funds (as defined in the eighth paragraph of Article 3 of the RCSA) in payment of a portion of such aggregate Purchase Price and Reconstruction Cost pursuant to the RCSA and (b) the Purchase Price of the next Hulk to be delivered hereunder plus the Reconstruction Cost thereof under the RCSA would exceed the sum of (x) \$1,345,000 and (y) the amount of Available Investor Funds then on deposit with the Agent under the Participation Agreement and held for disbursement to the Seller and the Builder on a Closing Date pursuant to the eighth paragraph of Article 3 of the RCSA.

The Buyer at the times hereafter specified will pay to the Seller the Purchase Price of each Hulk in each group subject to all the terms and conditions of this Agreement, including without limitation the receipt by the Buyer of

(a) the Bill or Bills of Sale with respect thereto specified in the second and fifth paragraphs hereof, (b) a Certificate or Certificates of Acceptance signed by the Buyer's authorized representative stating that the Hulks in such group have been delivered to and accepted on behalf of the Buyer, (c) a written opinion of counsel for the Seller dated the date of such Bill or Bills of Sale, addressed to the Buyer and stating that such Bill or Bills of Sale are valid and effective to transfer the Lessee's title to such hulks to the Buyer, and (d) the Hulk Encumbrance Certificate with respect thereto specified in the fifth paragraph hereof.

The Hulk Encumbrance Certificate with respect to each group of the Hulks shall be dated as of the date of the Bill or Bills of Sale for such group of Hulks and shall expressly set forth, as of such date, the information specified in the penultimate sentence of subparagraph (f) of Paragraph 3 of the Participation Agreement. Each such Bill of Sale shall contain the following information with respect to each type of Hulk included in the group of Hulks covered thereby: quantity, description, the Seller's identifying numbers and place of delivery. Subject only to the conditions set forth in the second, third and fourth paragraphs hereof and in Paragraph 7 of the Participation Agreement, the Buyer will pay the Purchase Price of each Hulk delivered and accepted as aforesaid to the Seller either on (i) the Closing Date relating to such Hulk fixed as provided in the RCSA or (ii) February 20, 1980, whichever is earlier.

The Buyer may assign and/or transfer any or all of its rights under this Agreement and/or any or all of its rights to possession of any of the Hulks. Any such assignment or transfer may be made by the Buyer without the assignee or transferee assuming any of the obligations of the Buyer hereunder. The Buyer and the Seller acknowledge that such assignment or transfer is contemplated. All of the rights of the Buyer hereunder shall inure to the benefit of the Buyer's assigns.

Notwithstanding the delivery of any Bill or Bills of Sale hereunder, the Seller agrees that all responsibility with respect to any Hulk covered by such Bill or Bills of Sale, its use and operation and risk of loss thereof, shall remain with the Seller until such Hulk is delivered to and accepted by the authorized representative of the Buyer, as

provided above, and the Seller agrees to indemnify and hold the Buyer harmless from any claim made against the Buyer by reason of the transfer of title to the Hulks prior to such delivery and acceptance or with respect to the validity of such title, free from all claims, liens, security interests, security title or encumbrances of any nature other than those of the Buyer at the time of such delivery and acceptance. Upon such delivery and acceptance, all responsibility and risk of loss with respect to such Hulk shall pass to the Buyer.

In the event that any Hulk is not so delivered to the Buyer after the date of any Bill or Bills of Sale with respect thereto, the Buyer will assign to the Seller, without warranty of any kind, whatever right, title and interest the Buyer may then have in such Hulk and such Hulk shall thereafter be excluded from the provisions of this Agreement.

The Seller hereby represents and warrants to the Buyer, its successors and assigns, that (i) this Agreement was duly authorized by it and lawfully executed and delivered for a valid consideration, the performance of this Agreement will not conflict with any provision of law or with its Charter or By-laws or of any agreement binding upon it and (assuming valid authorization, execution and delivery by the Buyer) this Agreement is, insofar as it is concerned, a valid and existing agreement binding upon it in accordance with its terms as they are now in force; and (ii) no approval is required from any regulatory body with respect to the entering into or performance by it of this Agreement.

The Seller hereby covenants and agrees with the Buyer that not later than the date of payment for any Hulk, the Seller will discharge in full all obligations securing encumbrances with respect thereto (which encumbrances, if any, are set forth in the Hulk Encumbrance Certificate). Without limitation as to any other rights or actions which the Buyer may enforce against the Seller due to a breach by the Seller of its obligation set forth in the preceding sentence, in the event any such obligation has not been satisfied prior to payment for any Hulk by the Buyer, the Seller hereby agrees that the Buyer may, in lieu of making payments for any Hulks then to be made to the Seller hereunder, pay all or any portion of such payments to one or more holders of obligations secured by such encumbrances to the extent necessary to satisfy such obligations in

full and to remove such encumbrances.

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the undertakings and agreements herein made on the part of the Buyer, are made and intended not as personal undertakings and agreements by it in its individual capacity for the purpose or with the intention of binding the Buyer personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement hereinabove referred to, and this Agreement is executed and accepted by the Buyer not in its own right but solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said Buyer or the trustors hereinabove referred to on account of this Agreement or on account of any representation, undertaking or agreement herein of the Buyer, either express or implied, all such personal liability, if any, being expressly waived and released by the Seller and by all persons claiming by, through or under the Seller; provided, however, that the Seller or any person claiming by, through or under any of it, making claim hereunder, may look to said Trust Estate for satisfaction of the same.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. It shall not be necessary that any counterpart be signed by both parties so long as each party shall sign at least one counterpart. This Agreement shall be valid, binding and effective at such time as the Agent shall have received (or as to which the Agent shall have received attested telegraphic communication confirming execution of) counterparts executed by the Buyer and Seller.

If the foregoing arrangement concerning sale of the Hulks is satisfactory to the Buyer, please confirm by signing each of the enclosed counterparts of this letter, returning one to the Seller, delivering one to the Agent and giving the tele-

graphic confirmation of execution to the Agent as aforesaid.

Very truly yours,

LOUISVILLE AND NASHVILLE
RAILROAD COMPANY,

by

Asst. Vice President

Accepted as of the date first
set forth above.

FIRST SECURITY STATE BANK, acting
not in its individual capacity
but solely as Trustee,

by

Authorized Officer

COMMONWEALTH OF KENTUCKY,)
) ss.:
 COUNTY OF JEFFERSON,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Assistant Vice President of LOUISVILLE AND NASHVILLE RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

[Notarial Seal]

My Commission expires

STATE OF UTAH,)
) ss.:
 COUNTY OF SALT LAKE,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY STATE BANK, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

[Notarial Seal]

My Commission expires

EXHIBIT A

TO

HULK PURCHASE AGREEMENT

Quantity*	Description	Hulk				Hulk		
		Rail-Road Prefix	Railroad Numbers*		Purchase Price	Total Purchase Price		
137	50-Ton Box Cars	L&N	97122	97990	109114	109430	\$4,500	\$616,500
			97123	97995	109124	109431		
			97152	98016	109135	109433		
			97153	98019	109147	109434		
			97167	98052	109151	109436		
			97168	98104	109171	109438		
			97188	98130	109183	109445		
			97257	98150	109189	109447		
			97330	98199	109198	109448		
			97341	98324	109207	109449		
			97342	98337	109241	109450		
			97372	98351	109242	109453		
			97381	98372	109272	109462		
			97383	98412	109281	109463		
			97388	98447	109332	109464		
			97465	98467	109334	109467		
			97467	98487	109337	109468		
			97501	98489	109344	109469		
			97511	98492	109351	109471		
			97551	98599	109354	109472		
			97826	98698	109371	109473		
			97846	98845	109374	109474		
			97855	98859	109402	109475		
			97858	98894	109404	109477		
			97862	98943	109412	109481		
			97868	98954	109413	109484		
			97904	98978	109416	109487		
			97908	99529	109417	109489		
			97922	109038	109420	109492		
			97924	109048	109422	109493		
			97955	109070	109423	109494		
			97957	109094	109424	109496		
			97969	109104	109428	109497		
			97977	109110	109429	109498		
						109499		

<u>Quantity*</u>	<u>Description</u>	<u>Hulk</u>				<u>Hulk</u>	
		<u>Rail- Road Prefix</u>	<u>Railroad Numbers*</u>			<u>Purchase Price</u>	<u>Total Purchase Price</u>
129	70-Ton Box Cars	L&N	99685	102625	103777	\$4,500	\$580,500
			100223	102642	103782		
			100247	102736	103802		
			100303	102757	103813		
			100326	102762	103819		
			100408	102766	103824		
			100453	102878	103834		
			100554	102958	103842		
			100567	103001	103854		
			100701	103005	103856		
			100730	103009	103860		
			102063	103010	103863		
			102116	103012	103867		
			102302	103013	103873		
			102311	103014	103889		
			102316	103019	103890		
			102331	103020	103901		
			102341	103021	103902		
			102343	103024	103910		
			102357	103033	103913		
			102370	103037	103915		
			102383	103040	103916		
			102398	103041	103919		
			102402	103043	103931		
			102410	103045	103940		
			102421	103047	103943		
			102457	103128	103948		
			102460	103129	103952		
			102461	103143	103954		
			102462	103164	103958		
			102470	103222	103959		
			102501	103260	103961		
			102528	103261	103967		
			102531	103279	103969		
			102545	103316	103970		
			102572	103338	103976		
			102577	103393	103979		
			102585	103422	103987		
			102586	103472	103989		
			102593	103540	103991		
			102598	103764	104054		
			102609	103766	104059		
			102610	103773	104104		

<u>Quantity*</u>	<u>Description</u>	<u>Hulk</u>				<u>Hulk</u>	
		<u>Rail- Road Prefix</u>	<u>Railroad Numbers*</u>			<u>Purchase Price</u>	<u>Total Purchase Price</u>
39	100-Ton Box Cars	L&N	104530	104888	104977	\$4,500	\$175,500
			104652	104889	104981		
			104730	104909	104993		
			104732	104917	105033		
			104743	104926	105037		
			104746	104930	105041		
			104760	104937	105048		
			104765	104938	105049		
			104771	104954	105487		
			104783	104955	105495		
			104789	104960	105520		
			104802	104962	105615		
			104814	104976	107588		
75	70-Ton Open- Top Hoppers	L&N	153027	154083	155163	4,500	337,500
			153044	154096	155217		
			153045	154234	155219		
			153070	154262	155263		
			153160	154270	155292		
			153197	154296	155355		
			153307	154304	155362		
			153315	154448	155363		
			153333	154492	155365		
			153359	154545	155412		
			153398	154561	155445		
			153437	154591	155497		
			153563	154636	155498		
			153642	154640	155701		
			153656	154685	155702		
			153660	154699	155770		
			153725	154718	155786		
			153733	154756	155799		
			153790	154759	155821		
			153824	154847	155854		
			153867	154880	155861		
			153868	154886	155917		
			153922	155114	155938		
			153956	155115	156079		
			154082	155127	156141		

<u>Quantity*</u>	<u>Description</u>	<u>Rail- Road Prefix</u>	<u>Hulk</u>			<u>Hulk</u>	
			<u>Railroad Numbers*</u>			<u>Purchase Price</u>	<u>Total Purchase Price</u>
64	80-Ton Open- Top Hoppers	L&N	180003	185393		\$4,500	\$288,000
			180049	185781			
			180186	186311			
			180241	186322			
			180284	186340			
			180339	186769			
			180384	186778			
			180445	186966			
			180637	187103			
			180640	187341			
			180704	187886			
			180793	187919			
			180821	187946			
			180962	187995			
			182137	187998			
			182281	188148			
			182443	188294			
			182722	188498			
			182728	188623			
			183293	188683			
			183299	188756			
			183305	188782			
			183334	188792			
			183352	188794			
			183396	189004			
			183873	189036			
			184252	189046			
			184366	189087			
			184589	189203			
			184688	189328			
			184731	189341			
			185163	189391			
21	100-Ton Open- Top Hoppers	L&N	191004	191401	191684	4,500	94,500
			191008	191512	191739		
			191080	191535	191750		
			191162	191614	191765		
			191281	191623	191817		
			191320	191627	191884		
			191368	191661	191890		

<u>Quantity*</u>	<u>Description</u>	<u>Hulk</u>				<u>Hulk</u>	
		<u>Rail- Road Prefix</u>	<u>Railroad Numbers*</u>			<u>Purchase Price</u>	<u>Total Purchase Price</u>
158	70-Ton Gon- dola Cars	L&N	36301	39100	39778	170866	\$4,500 \$711,000
			36323	39101	39780	170909	
			36341	39115	39841	171063	
			36460	39129	39885	171075	
			36470	39130	39960	171088	
			36499	39131	39964	171109	
			36505	39137	170012	171132	
			36508	39158	170013	171179	
			36591	39162	170034	171189	
			36605	39166	170044	171194	
			36620	39179	170069	171216	
			36632	39225	170116	171228	
			36634	39228	170136	171244	
			36708	39244	170152	171266	
			36759	39251	170175	171306	
			36764	39265	170189	171311	
			36821	39272	170305	171317	
			36834	39281	170318	171359	
			36851	39284	170400	171409	
			36853	39285	170402	171426	
			36884	39292	170481	171497	
			36887	29305	170502	171533	
			36913	39336	170570	171602	
			36917	39354	170574	171655	
			36920	39369	170577	171712	
			36924	39403	170602	171769	
			36962	39434	170644	171932	
			36988	39456	170649	171985	
			38909	39485	170656	172061	
			38917	39488	170662	173015	
			38929	39536	170666	174129	
			38933	39539	170688		
			38955	39541	170691		
			38959	39548	170696		
			38961	39557	170700		
			38973	39580	170709		
			38976	39595	170779		
			38977	39622	170790		
			39010	39691	170835		
			39053	39732	170836		
			39077	39735	170842		
			39080	39754	170849		

<u>Quantity*</u>	<u>Description</u>	<u>Rail- Road Prefix</u>	<u>Hulk</u>			<u>Hulk</u>		
			<u>Railroad Numbers*</u>			<u>Purchase Price</u>	<u>Total Purchase Price</u>	
12	100-Ton Gondola Cars	L&N	175061 175075 175086 176025	176064 176159 176251 176290	176622 176656 176757 176777	\$4,500	\$ 54,000	
40	100-Ton Covered Hopper Cars	L&N	200065 200068 200109 200122 200181 200203 200204 200209 200252 200273 200435 200448 200470 200483	200521 200596 200607 200622 240025 240081 240233 240234 240348 240516 240663 240665 240669	240775 240998 241015 241075 241106 241494 241530 241570 241720 241734 250060 250080 250127	4,500	180,000	
11	70-Ton Bulk- head Flat Cars	L&N	22607 22626 22641	22701 22702 22705	22742 22744 22755	22757 23941	4,500	49,500
9	100-Ton Bulk- head Flat Cars	L&N	22319 22320 22322	22324 22346 22366	22949 22967 22990		4,500	40,500
50	70-Ton Cov- ered Hopper Cars to Ballast Cars	MON	4343 4362 4365	4370 4376 4381	56001 56036 56073		4,500	225,000
		L&N	37802 37816 37862 37873 37894 37907 37933 37953 37970 37973	37977 37981 37992 37994 38008 38028 38034 38046 38058 38085	38109 38155 38258 38287 38298 38319 38411 38423 38429 38431	38445 38448 38455 38456 38457 38468 38474 38479 38490 38499 38515		

<u>Quantity*</u>	<u>Description</u>	<u>Hulk</u>				<u>Hulk</u>		
		<u>Rail Road Prefix</u>	<u>Railroad Numbers*</u>				<u>Purchase Price</u>	<u>Total Purchase Price</u>
33	50-Ton Pulpwood to Welded Rail Cars	L&N	20505	20711	20832	20915	\$4,500	\$148,500
			20519	20745	20834	20927		
			20543	20748	20837	20933		
			20554	20755	20841	20975		
			20579	20763	20842	20978		
			20604	20784	20856	20979		
			20642	20786	20865			
			20650	20799	20898			
			20653	20822	20913			

* Although this Exhibit A sets forth the description of 778 Hulks, the Hulk Purchase Agreement to which this Schedule is attached will cover only those Hulks that are delivered to the Buyer for reconstruction under the Reconstruction and Conditional Sale Agreement dated as of the date hereof, between First Security Bank of Utah, N.A., as Agent, L&N Investment Corporation and First Security State Bank, as trustee under a Trust Agreement dated as of the date hereof with Westinghouse Credit Corporation. Following completion of deliveries, this Exhibit A will be amended to delete from the description those Hulks not covered.